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ITAR-TASS Carries Press Review for 27 Jul

LD2707054993 Moscow ITAR-TASS in English 0500 GMT 27 Jul 93

["Press Review"—ITAR-TASS headline]

[Text] Moscow, July 27 (TASS)—Today's Moscow-based press of various political orientation unanimously, which happens seldom, censures the decision of the Central Bank of Russia to withdraw pre-1993 banknotes from circulation. The press emphasises that this step was ill-considered and erroneous.

ROSSIYSKIYE VESTI, under the headline "The Country is Queueing Up Again", writes: "after 18 months of respite, the country again formed queues in shops, savings-bank branches and commercial banks on Monday. This was prompted by the central bank's unexpected decision to withdraw pre-1993 banknotes from circulation".

The same newspaper points out that Russian Finance Minister Boris Fedorov believes that the bank's actions were "senseless and conducive to a deterioration of the economic situation".

NEZAVISIMAYA GAZETA (independent newspaper) tries to analyse what prompted the central bank to take this decision. The first version, the newspaper believes, is that "there is a conspiracy against the president, including that on the part of some members of the government..."

"The second version is that this was a purely parliamentary opposition plot—against the president and the government as a whole, carried out through the central bank leadership for the purpose of securing that the government resigns, and, if things turn out well, that the president resigns, too—to prevent 'the dissolution of the soviets (councils)'.

"The third versions—that those were the crafty designs of the national-patriotic opposition—can be dismissed altogether, there being no need for it..

"The fourth version is that this a struggle by one part of the government against another (with reliance on the parliament and the Democratic Russia Movement respectively)."

Next, NEZAVISIMAYA GAZETA wonders as to what the president knew and what he did not know. "If one supposes that he did not know anything (the version of a conspiracy against him), then there arises the problem of his competence as a politcial figure (and, accordingly, the efficiency of the functioning of numerous presidential services). But, of course, he could not fail to know," NEZAVISIMAYA GAZETA emphasises.

"Boris Yeltsin did not, possibly, make a final choice in favour of one of conflicting groups in the government. If he removes Chernomyrdin, the choice would be made. If he vents all his wrath on secondary figures, the central bank and the parliament, this would only prolong the political stagnation of the recent period," the newspaper observes.

TRUD's opinion is that the central bank's action "was ill- considered and ill-prepared, and the consequences of it could have been unpredictable if 'softening' measures were not taken on Monday".

KRASNAYA ZVEZDA (RED STAR) carries a column of items concerning the central bank's decision, under the headline "The 'Shock Therapy' of the Central Bank: Money Disappears at Mid-night...".

According to the newspaper, "the latest decisions of the central bank have shown how rashly and in a muddled manner our destiny is decided upon at times, and that the relevant matters are still tackled by indifferent people".

ROSSIYSKAYA GAZETA, without any comments of its own, frontpages the announcement the Central Bank of the Russian Federation, the Russian Government's statement on the issue, President Boris Yeltsin's decree "on ensuring the normal functioning of the monetary system of the Russian Federation" and a statement by Russian Parliament speaker Ruslan Khasbulatov that "the measure being taken by the central bank and the governemnt to exchange banknotes was not fixed with the parliament".

PRAVDA and SOVETSKAYA ROSSIYA strongly criticise a statement which Margaret Thatcher made in the latest weekly analytical television programme Itogi (Results), in which she recommended that "the incumbent parliament (of Russia—note by ITAR-TASS) be dissolved and a new one elected".

In this connection, ROSSIYSKAYA GAZETA quotes a parliamentary press service communique which points out that "such a statement cannot be viewed otherwise than a provocative one and as an attempt to dictate one's own terms for the development of political processes in Russia".

Yeltsin Chairs Security Council Session on Tajikistan

LD2607132893 Moscow ITAR-TASS World Service in Russian 1253 GMT 26 Jul 93

[By ITAR-TASS correspondent Ivan Ivanov]

[Text] Moscow, 26 Jul—A sitting of the Security Council of the Russian Federation chaired by President Boris Yeltsin has just begun in the Kremlin. The question of the situation on the Tajik-Afghan border and measures to normalize it is being examined at it.

Opening the sitting, Boris Yeltsin stressed: "Today's sitting is dedicated to one main question" - "what happened on the Tajik-Afghan frontier," "why we were completely unprepared", "why there wasn't a comprehensive plan for defending the frontier - actually the frontier of Russia, and not of Tajikistan - everybody should understand that."

The president of Russia said that Viktor Barannikov, minister of security of the Russian Federation, will deliver a report on this question, information from Pavel Grachev, minister of defense of Russia, and from Yevgenniy Shaposhnikov, secretary of the security council, will be heard.

Oleg Lobov, first deputy prime minister of the Russian Federation, has been invited to today's sitting of the Council. In a conversation with the ITAR-TASS correspondent he did not exclude the possibility that the question of the situation which has arisen in connection with the removal of 1961-92 issue banknotes will be discussed today also.

'Coordinated Measures' Stressed

LD2607163293 Moscow ITAR-TASS World Service in Russian 1536 GMT 26 Jul 93

[by ITAR-TASS correspondent Andrey Naryshkin]

[Text] Moscow, 26 Jul—The debate on the situation on the Tajik-Afghan border at today's meeting of the Russian Security Council ended with the adoption of a decree. Valeriy Manilov, aide to the secretary of the Security Council, told the ITAR-TASS correspondent that this document stipulates that coordinated measures must be taken to normalize the situation on the border. According to him, there is talk of an intention of the Russian leadership to carry out a single state policy and to coordinate the actions of the power ministries [Security, Internal Affairs, and Defense] in this matter.

Kozyrev Appointed To Handle Conflict

LD2607165593 Moscow Radio Rossii Network in Russian 1600 GMT 26 Jul 93

[Text] We have just received a report from the press service of the Russian Federation president. It says that a sitting of the Russian Federation Security Council was held under the chairmanship of President Yeltsin in the Kremlin today. It discussed the situation on the Tajik-Afghan border and measures to normalize it. It noted the uncoordinated nature of the actions on the part of the security, foreign, and defense ministries during the recent events.

Security Minister Barannikov was reprimanded.

At the Council's sitting, the president adopted a decree in accordance with which Shlyakhtin, commander of the Border Troops of the Security Ministry, was relieved of his post.

The Security Council stressed the urgent need to adopt a complex of measures to resolutely lower the tension in this region. It noted the principled importance of working out and consistently implementing Russia's single policy aimed at settling the situation on the Tajik-Afghan border and at normalizing the situation in Tajikistan. Undoubtedly, priority in settling the situation was given to political means and to organizing a diplomatic dialogue between Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Afghanistan, and other interested states, to making UN efforts more active, and to carrying out compromise steps to consolidate public forces in the Tajik Republic itself.

Foreign Minister Kozyrev has been appointed a special representative of the Russian Federation president for settling the conflict.

The president gave specific instructions to Russia's ministries and departments with regard to coordinated actions to settle the situation. The general operational leadership over the interaction of all the forces and means of various ministries and departments was entrusted to Defense Minister Grachev.

This was the text of the report of the press service of the Russian Federation president.

Further Coverage of Tajik-Afghan Border Situation

Military Prosecutors Investigate Events

LD2707085093 Moscow ITAR-TASS in English 0830 GMT 27 Jul 93

[By ITAR-TASS correspondent Roman Zadunaiskiy]

[Text] Moscow July 27 TASS—A group of military prosecutors from Moscow are leaving Moscow for the Tajik-Afghan border where they will investigate the circumstances of recent tragic events at the 12 border post on the border between Tajikistan and Afghanistan in which Russian and Tajik border troops and civilians were killed.

The Military Prosecutor's Office of the Russian Federation had instituted criminal proceedings in connection with the events.

Military jurists will seek to establish the liability of representatives of the commander of the Russian border troops and Armed Forces, whose duty it was to ensure proper conditions for the servicemen.

Officials Air Views on Solving Dispute

LD2507213093 Moscow Ostankino Television First Channel Network in Russian 1800 GMT 25 Jul 93

[By announcer Yevgeniy Kiselev; from the "Itogi" program]

[Excerpt] [Kiselev] A report in "Itogi" about events on the Tajik-Afghan border, and my own commentary expressing concern that Russia might be dragged into a new war similar to the ignominious Afghan war, caused a storm of varied and, I would say, conflicting reactions during the week.

In today's program we hand over to leaders in the various state organizations that are on the whole responsible for formulating Russia's policy on this specific issue.

[Shaposhnikov] Security Council staff, under my supervision, have drawn up five possible options for the Russian leadership and Russia as a whole regarding this issue.

Option one is a complete withdrawal of our forces from Tajikistan. That would of course lead to the resettlement of nearly all the 400,000-strong Russian community. What would happen next, and the financial consequences, are probably not difficult to estimate: It would be extremely expensive.

Option two is a tough or retaliatory strike against Afghan territory. I think that would be unacceptable: It would mean another war over Afghanistan and the consequences for Russia would be absolutely unpredictable and most likely ignominious.

Option three is that Russian servicemen would reinforce the Tajik-Afghan border. This would be burdensome for Russia and pointless, because the country is, at present, in no condition to take control of 400 km of border.

The next option is reinforce and defend the Tajik-Afghan border jointly with other CIS states, especially with Kazakhstan, Kyrgyzstan and Uzbekistan. This would be coupled with financial aid for Tajikistan to establish its own armed forces and border guards, to be equipped by us.

Option five is diplomacy: That all CIS states and especially those adjacent to Tajikistan, and also other foreign—meaning Muslim—states, i.e. Afghanistan, Pakistan and others, find a forum and sit at the table for talks, and resolve the issue politically.

Of the five options set out, I think the most acceptable would be a combination of the fourth and fifth, that is, CIS states presenting a united political, technical, diplomatic and military front, together with negotiations among themselves and with other states adjacent to Tajikistan.

[Ambartsumov] Russia can't carry sole responsibility for the situation in that region. That's why it is asking the parliaments of Kazakhstan, Uzbekistan and Kyrgyzstan to join in the defense of the southern borders of the entire region. They are not doing that yet. So far, Russian soldiers are bearing the brunt, although there are some locals there too.

The question arises: Why not pull out of Tajikistan immediately? The answer is: Of course we could say let them get on with it and sort themselves out. But if Russia quits Tajikistan, where will we stop? On the borders of Kyrgyzstan? Then Tajikistan will have been sacrificed to the Islamists. It will fall into the sphere of influence of the Islamists and the same situation will be repeated on the borders of Kyrgyzstan and Kazakhstan, by the forces that will have occupied Tajikistan.

How far would we retreat if we opted for this line? To northern Kazakhstan, probably. We have to think not only about our geopolitical interests but also think about the future.

[Adamishin] More and more emphasis is being laid on attempts to bring the situation in Tajikistan back to normal through political methods. What does this entail? It entails most of all that the current government in Tajikistan should find a way of talking to the opposition. It should find a way of establishing a dialogue, democratizing the country and, it has to be said, the government is quite capable of doing that, and Russia is exerting pressure toward this end.

In the longer run, I think that we have to establish contact with the opposition as well. We have to know what those people want, what kind of people they are, if there are moderates as well as extremists among them. We have to try to reconcile them, and we've already done that, during the past couple of years.

We have to enter into talks with the Afghans. Well, you know what kind of situation Afghanistan is in at the moment. It's very unlikely that Kabul can control what happens on the border, so we have to talk with the local leaders and the local commanders. We will in the long run be able to establish relative calm on the border through agreements with the Afghan commanders who control the situation along it.

So, I can envisage a quadripartite Afghan-Uzbek-Tajik-Russian meeting to try and normalize the situation on the border. [passage omitted]

Poor Communications Blamed for Incident

PM2607093993 Moscow NOVAYA YEZHEDNEVNAYA GAZETA in Russian 23 Jul 93 (signed to press 20 Jul 93) p 1

[Interview with Yevgeniy Kozhokin, chairman of the Russian Federation Supreme Soviet Subcommittee for International Security and Intelligence, by Aleksandr Korzun; place and date not given: "Information on Forthcoming Attacks Reaches Moscow Sooner Than the Border Detachments. Russian Supreme Soviet Parliamentary Commission's View of Tragedy in Tajikistan"]

[Text] A parliamentary delegation urgently formed by the Russian Supreme Soviet left for Tajikistan 15 July. The six deputies' mission: To investigate on the spot the reasons for and circumstances of the tragedy at the Moscow Border Detachment's No. 12 Border Guard Detail. The delegation members will soon deliver their assessment of the event in parliament. Yevgeniy Kozhokin, chairman of the Russian Federation Supreme Soviet Subcommittee on International Security and Intelligence, speaks about the preliminary results of the trip.

[Korzun] Could the tragedy have been avoided?

[Kozhokin] The 13 July attack on the No. 12 Border Guard Detail can hardly be regarded as a particularly exceptional event. In the stream of constant clashes on the Tajik-Afghan border, the recent fighting stands out only by virtue of the unprecedented number of attackers and the all too great losses sustained by the Russian border guards—25 men were killed and 14 wounded. This is what shocked Russia and finally forced the whole of society to think about resolving a problem that has long been urgent.

After the meetings in Dushanbe with the surviving border guards, after the visit to the scene of the tragedy, and after consultations with Defense Minister Pavel Grachev and the commanders in chief of certain categories of troops of the Russian Army, who were in Tajikistan at the same time, we came to the conclusion that the attack could have been if not prevented, then repelled with far fewer losses. The border guards certainly fought heroically, but the tragic outcome was sealed by a whole series of errors.

Here are the facts. According to my information, there was prior knowledge of when and where breaches of the border might have been attempted. Intelligence agents from the Russian Security Ministry and special border forces administration had reported in Dushanbe that large forces of Tajik opposition detachments were massing on the Afghan side of the border. But the intelligence data went to Moscow rather than directly to the border post in the mountains of Tajikistan.

The main reason for this was the very poor communications, which prevented the border post from obtaining proper current information from the command and from transmitting its own data on the development of the situation. Moreover, the commanders of subunits at the actual border post were not provided with communications either, which made conduct of battle difficult. Incidentally the No. 12 Detail is no exception—practically all border detachments protecting the Tajik-Afghan border are encountering exactly the same problem. The telephones may be working normally, but there is no way you can rely on them in these parts, because it is very easy to destroy the telephone lines, which is the first thing the attackers of the No. 12 Border Guard Detail did. As for radio communications, they only have unreliable low-power transmitters and receivers, and not enough of them at that. That is why the border guards are often literally cut off from the outside world.

Do you think this record of the facts is going to satisfy the border guard from that very post, who inquired of us in a Dushanbe hospital: Why were reinforcements so long in coming and why did they not manage to land some troops by helicopter....

Incidentally, we too were unable to get answers to many of these questions.

[Korzun] What is happening now in the conflict zone?

[Kozhokin] We can see that Tajikistan is in the midst of a smoldering civil war and the war is not about to cease. This war has been going on for nearly a year now and it has cost around 50,000 lives. There are further losses nearly every day—killed and wounded.

Furthermore, weapons are being accumulated, bases are being established on the terriotry of Tajikistan and Afghanistan, and the armed formations of a whole clutch of political clans are already operating. What worried us was that, according to the border guards' data, the attackers were using weapons from various countries, not only Soviet ones. We were shown explosive bullets, which had been made somewhere in the Balkans, in one of the new states of the former Yugoslavia, shells from recoilless guns, which, according to the examination of the fragments, had been made in Saudi Arabia, and Romanian-made rifles.

The new problem, I think, faces West Europe as well as Russia. The thing is that the traditional drug traffic routes have changed recently, and many of the narcotics streaming into Europe now go via the Tajik-Afghan border. I do not think Europe can achieve anything by remaining indifferent to this situation....

[Korzun] What is to be done?

[Kozhokin] Obviously, it is absolutely essential to start a negotiating process in the republic and start looking for an accord formula.

I think the best way to begin is to abandon labels such as "procommunist" and "pro-Islamic" forces. They are pretty strange to us anyway, to a country where many current leaders were in party posts for a long time, and

then turned into rabid anticommunists. They are equally absurd in Tajikistan. International relations afford precedents of normal dialogue between different regimes, but we believe, of course, that this dialogue must be based on the principles of international law, which all countries are obliged to implement, irrespective of whether their regime is communist, fundamentalist or democratic.

Azerbaijani Envoy Holds Press Conference in Moscow

Leaders To Pursue Policy of Peace

LD2307145593 Moscow ITAR-TASS in English 1334 GMT 23 Jul 93

[By ITAR-TASS diplomatic correspondent Sergey Postanogov]

[Text] Moscow July 23 TASS—The new leadership of Azerbaijan will pursue a policy of peace, friendship and the establishment of goodneighbourly relations with all countries on the basis of standards of international law and the U.N. Declaration on Human Rights, Ramiz Rizayev, envoy plenipotentiary of Azerbaijan to Moscow, said at his first news conference today.

Ramiz Rizayev, 54, a corresponding member of the Academy of Sciences of Azerbaijan, was a member of the board of the Popular Front of Azerbaijan, and in 1992 withdrew from this organisation because he did not agree with its leaders' domestic and foreign policy.

The change of power in Baku occurred "absolutely legitimately", Ramiz Rizayev noted. The leadership of the Popular Front of Azerbaijan, he noted, brought about an economic and political crisis in the country. In this situation leaders of the Popular Front addressed Geydar Aliyev asking him to help overcome the crisis.

"The problem of Nagorno-Karabakh must be resolved in a peaceful way taking due account of the interests of all sides," the envoy plenipotentiary of Azerbaijan pointed out. He welcomed the efforts by Russia and the world community in the settlement of this conflict.

"To intensify the economies of Azerbaijan and Russia it is necessary to begin restoring ties between individual branches of industry before signing interstate agreements," Ramiz Rizayev believes. According to him, the Azeri economy was deeply integrated into the Russian economy. The signing of an agreement on cooperation with the Moscow Government is being prepared now.

He believes that the fate of the five Russian servicemen sentenced to death in Azerbaijan "will be decided in a positive way". "We are not thirsting for blood, this is not the principle of our new leadership," Ramiz Rizayev emphasised.

Problems in Ties 'Can Be Overcome'

PM2607122993 Moscow PRAVDA in Russian 24 Jul 93 p 1

[Nikolay Musiyenko report: "We Are More Closely Linked..."]

[Text] Ramiz Rizayev, the new plenipotentiary representative of the Azerbaijan Republic and corresponding member of the Academy of Sciences of Azerbaijan, who was previously director of the Institute of Nonorganic and Physical Chemistry in Baku, has taken up his duties in the Russian capital. The former activist in the People's Front of Azerbaijan left that organization in 1992 after it came to power because of disagreement with the leaders' domestic and foreign policy.

"The new leadership of Azerbaijan firmly intends to pursue a policy of national accord, genuine democratization of society, the development of market relations, and observance of the rule of law," Rizayev stated at his first press conference. "We will tolerate no discrimination whatsoever against people on linguistic or religious grounds or any repression of those who hold alternative views. While our foreign policy will be a policy of peace and friendship with all countries, including Russia."

Answering a question as to whether there are any problems in Azerbaijani-Russian relations, the plenipotentiary representative of the Azerbaijan Republic acknowledged that they do, of course, exist, but, given good will, all difficulties can be overcome: "We are linked by far more than divides us." Rizayev expressed the hope that the fate of the five Russian Army servicemen sentenced to death by an Azerbaijai court will be resolved positively: "We are not bloodthirsty."

Speaking about the war with Armenia, Rizayev described it as immoral and completely unnecessary, and it is therefore time to end it. Azerbaijan, he stressed, has never claimed anyone else's territory. The question of Karabakh should be resolved through peace talks. Azerbaijan is ready to guarantee the population of Karabakh all political freedoms.

'Sharply' Critical of Former Leaders

PM2607122793 Moscow KOMSOMOLSKAYA PRAVDA in Russian 24 Jul 93 p 1

[Aleksandr Bushev report: "Why Has Baku Started with Arrests?"]

[Text] New authorities—new ambassadors. Ramiz Rizayev, a chemical scientist, became head of the Azerbaijani Embassy in Moscow a week ago. Having in the past combined his work as director of a scientific research institute in Baku with work on the People's Front of Azerbaijan Board, he left the front right after Abulfaz Elchibey acceded to power "over a disagreement with its leaders' domestic and foreign policy."

Addressing journalists yesterday in his new capacity as plenipotentiary representative, R. Rizayev sharply criticized the activity of his former colleagues at the head of the state, who, according to him, made lots of fatal mistakes. Speaking about the recent arrests in Baku of leaders of the People's Front of Azerbaijan, the ambassador explained that on the eve of the Azerbaijani National Assembly session 13 July, with the knowledge of A. Elchibey and on the direct instructions of former Speaker Isa Kamberov members of the opposition were issued with 3,000 units of firearms, as confirmed by a special investigative commission set up in the republic.

"While in power," he went on to say, "these 'democrats' violated elementary human rights (incidentally, while in the People's Front of Azerbaijan, Ramiz Rizayev headed the Azerbaijani section of the International Human Rights Society—A.B.). It was not the new leadership that introduced the state of emergency regime, and it would have lifted it long ago but for the fact of weapons being distributed."

Concerning his appointment, the ambassador emphasized that he had come to Moscow to pursue not a pro-Russian policy but Azerbaijan's policy in Russia.

Congress of Russian Communities Issues Statement on Estonia

LD2607184193 Moscow ITAR-TASS in English 1810 GMT 26 Jul 93

[By ITAR-TASS correspondent Igor Gavritishvili]

[Text] Moscow July 26 TASS—The Executive Board of the Congress of Russian Communities (CRC) issued a statement "on the situation in Estonia and results of the referendums in Narva and Sillamae" on Monday [26 July].

"The aggravation of international and interethnic relations in Estonia has been brought about by the redoubling discriminatory policies in regard of Russian and Russian-speaking population on the part of the Estonian leadership. This is expressed, in particular, in the adoption of several laws which reduce the rights of Russians to a shameful minimum for a civilized country," reads the statement circulated at a press conference here.

This forced the city councils of Narva and Sillameae to hold referendums, the outcome of which showed that an overwhelming majority of the inhabitants of these cities came out for acquiring a status of a national and territorial autonomous entity.

The statement calls on the Estonian leadership "to leave the confrontation course and to confirm the autonomous status of the regions, the inhabitants of which have expressed their will at the referendums".

"The Congress of Russian Communities, for its part, is ready to do its utmost to preserve friendliness and good neighbourly relations between the Russian and Estonian inhabitants of the republic, between our peoples on the whole," emphasize the authors of the statement.

Chairman of the CRC Executive Board Dmitriy Ragozin told the press conference about the results of his visit to Georgia at the head of a CRC delegation. According to him, "the position of the Russians in the republic is far better when compared to that in the other neighbouring (Commonwealth) states and there are no special problems in the relations between the Russians and the Georgians".

Kozyrev Ends Visit to Southeast Asia, Visits Sochi

LD2607131593 Moscow ITAR-TASS in English 1105 GMT 26 Jul 93

[By ITAR-TASS diplomatic correspondent Georgiy Shmelev]

[Text] Moscow July 26 TASS—A Russian delegation headed by Foreign Minister Andrey Kozyrev has ended a Southeast Asian tour and returned to Moscow.

The delegation visited several countries in the region, including Singapore, where it participated in the 26th session of the Association of Southeast Asian Nations.

En route home the plane made a stopover in Sochi, where, according to trustworthy sources, delegations of Russia, Georgia and Abkhazia will hold a meeting within the next few days to discuss ways to settle the conflict in Abkhazia. The foreign minister has not returned to Moscow and is staying in Sochi.

Sums Up ASEAN Conference

PM2607192193 Moscow IZVESTIYA in Russian 27 Jul 93 First Edition p 3

[Report by Maksim Yusin: "'Asian Dragons' Prepared To Cooperate With Russia, But Apprehensive About Our Political Instability"]

[Text] Singapore—"Russia has all but eliminated the Southeast Asian countries' lack of confidence in Russia. There are no political or ideological obstacles to the development of cooperation any more," A. Kozyrev said, summing up the 26th annual conference of ASEAN foreign ministers, which ended in Singapore Sunday.

Moscow's desire for rapprochement with the "Asian dragons" (as the six members of ASEAN—Indonesia, the Philippines, Thailand, Malaysia, Singapore, and Brunei—are often called) is perfectly understandable. The economies of what were backward states only 20 years ago are developing rapidly and they are among the world's leading states in terms of the rate of growth of GNP. The attraction of capital from the ASEAN countries could help develop Russia's Far East and Siberian regions.

But one should not expect significant investments in our economy by the ASEAN countries in the foreseeable future. A. Kozyrev admitted that there are two things stopping the "Asian dragons": First, the unclear relationship between the center and the Russian regions and, second, the struggle between the executive and legislative branches in Moscow, which is putting a brake on economic and political reforms.

The ASEAN countries are particularly concerned about the separatist mood in Russian oblasts and republics. "By stating their desire to be separate from Moscow, certain political forces in Siberia and the Far East are merely scaring off potential investors," one Russian delegation member said. "No one is going to invest money in a country where there is no central authority to control the situation in the regions and protect foreign capital investments. As soon as there began to be talk of creating a Far East Republic, the ASEAN countries froze several joint projects which were of great advantage to us, including one on the construction of plants in Amur Oblast."

The Russian minister attended the Singapore meeting as a guest. The Chinese delegation had the same status. But another, higher status—partner in dialogue—is envisaged for countries which are not in the region, but which have their own stake in it and have close economic links with ASEAN.

According to Russian diplomats, none of the ASEAN members objects to Moscow becoming such a partner in the near future. The only obstacle is that Russia is, as it were, "bracketed" with China. The ASEAN members cannot afford to enhance the status of one superpower and ignore the other. But Beijing's candidacy is encountering considerable opposition. This has repercussions for Russia. It is perfectly possible that it will still be a guest at the next conference, in 1994, in Bangkok...

Upbeat on Results of Meeting

LD2607202793 Moscow ITAR-TASS World Service in Russian 1342 GMT 26 Jul 93

[By ITAR-TASS correspondent Georgiy Shmelev]

[Text] Moscow, 26 Jul—The main result of the participation of the Russian Federation delegation in the 26th session of ASEAN is that Russia has now affirmed itself in that region, Russian Federation Foreign Minister Andrey Kozyrev told journalists during his return flight from Singapore to Moscow.

Answering questions of ITAR-TASS correspondents, he said that all participants in the Singapore forum and partners in dialogue have acknowledged this fact. "Our vision of the developments in the region coincides in the keynotes; a foundation has been built for relationships of partnership both with participants of the meeting and with partners in dialogue," the minister said. Thus "a political stronghold" has been created for broad involvement of the Russian Federation in the affairs of the Asian region on a purely practical footing. Ninety-nine percent of the difficulties and hesitancies linked to the Soviet Union, Russia's past, are a thing of the past. On the contrary, the aim now is to specifically define the contents of this cooperation.

The only impediment to this process is, in the minister's view, a certain political instability in Russia, which expresses itself in regionalism, in proclaiming various republics, and in separatist tendencies, including those in the Far East and in Siberia.

Speaking of Russian participation in the Asia-Pacific cooperation forum, which is due to be held in Seattle in November, the minister pointed out that all participants to the Singapore discussion stated their readiness to endorse Russia's official letter of intent to participate in the forum. "The door there is open for us," the minister emphasized.

Answering journalists' questions, the minister touched upon the situation in Tajikistan. He said that some steps are now being taken to conduct political dialogue with the opposition, and that "reserves are available for negotiations with some of the armed opposition." On the other hand, I believe that only a strong rebuff based on force, including bombing attacks on the bases of armed formations, can stabilize the situation, the minister stressed.

Meets With Japanese Foreign Minister

LD2607160493 Moscow ITAR-TASS in English 1542 GMT 26 Jul 93

[By ITAR-TASS correspondent Georgiy Shmelyov]

[Text] Singapore July 26 TASS—Before his departure on Sunday [25 July], visiting Russian Foreign Minister Andrey Kozyrev met here his Japanese counterpart Kabun Muto.

During their conversation, the two parties praised the results of the Tokyo G-7 summit and of the meeting between Russian President Boris Yeltsin and Japanese Prime Minister Kiichi Myazawa.

The two foreign ministers have agreed to go on with intensive preparations for President Yeltsin's visit to Japan in autumn.

DPRK Ambassador Positive Regarding Talks With U.S.

LD2607221193 Moscow ITAR-TASS World Service in Russian 1640 GMT 26 Jul 93

[By ITAR-TASS correspondent Aleksandr Valiyev]

[Excerpts] Moscow, 26 Jul—Son Song-pil, DPRK ambassador in Russia, qualified as "progressive and constructive" the second round of North Korean-American negotiations which took place in Geneva between 14-19 July. At today's press conference for

Russian journalists, which was held in the DPRK Embassy in Moscow, the republic's plenipotentiary representative noted that at the first round the discussion centered around the main principles of solving the nuclear problem on the Korean peninsula, as well as the relations between the two countries. During the continuation of the dialogue the parties already started devising precise ways to solve the previously mentioned common problems, he said. [passage omitted]

The DPRK ambassador said that before the third round of talks with the U.S., scheduled for the next two months, both parties must refrain "from actions that will spoil the atmosphere of the talks". Answering journalists' questions he pointed out that the proposed cooperation with the U.S. in nuclear sphere would not damage the already existing cooperation with Russia, because the DPRK is willing to cooperate with all sides.

Answering the ITAR-TASS correspondent's question about the fate of a nuclear station planned to be built in the north of Korea, the ambassador said briefly that for now only research work was carried out on that matter, but that it was "not fully fledged".

Deputy Foreign Minister Churkin Visits Spain

Meets Spanish Counterpart

LD2607172893 Moscow ITAR-TASS in English 1615 GMT 26 Jul 93

[By ITAR-TASS correspondent Vladimir Shekhovtsov]

[Text] Madrid July 26 TASS—Russian Deputy Foreign Minister Vitaliy Churkin, who came here for a working visit, met his Spanish counterpart Francisco Villar on Monday [26 July].

Churkin, who is Russian president's special envoy to the negotiations on a peaceful settlement in the former Yugoslavia, is scheduled to meet Spanish Foreign Minister Javier Solana on the same day.

According to diplomatic sources, the parties will pay special attention to exchange of views on restoration of peace in the Balkan region and certain aspects of Russo-Spanish relations.

Discusses Yugoslav Conflict With Solana

LD2607205993 Moscow ITAR-TASS World Service in Russian 1500 GMT 26 Jul 93

[By ITAR-TASS correspondent Vladimir Shekhovtsov]

[Text] Madrid, 26 Jul—Russian Deputy Foreign Minister Vitaliy Churkin, special representative of the Russian Federation president at the talks on the problems of a peaceful settlement in the former Yugoslavia, who is here on a working visit, had a meeting with Spanish Foreign Minister Javier Solana today. The meeting was interesting and useful, said J. Solana at a joint news conference, held at the Spanish Foreign Ministry. We paid a great deal of attention to the situation in the former Yugoslavia, and we hope that the opening of a new round of peace settlement talks in Geneva will make it possible to find ways to a cease-fire and, subsequently, to establish a lasting peace in the Balkans. I think, he said, that "the conditions put forward by the leaders of Bosnia-Herzegovina will be accepted and that they will thus participate in the Geneva talks." V. Churkin noted that the exchange of views confirmed yet again that the positions of Russia and Spain, and Russia and the European Community, concerning the crisis in the former Yugoslavia were very close. It is an extraordinarily important factor that gives us hope that all of us together will succeed in making a contribution, a contribution that is so essential if a settlement is to be achieved, he emphasized. The conflict in the former Yugoslavia is so complex that no one can cope with it on his own. In this context we have established good contacts with Spain, bilaterally, within the framework of the UN Security Council, and within the framework of the Russian-EC relations alike, V. Churkin further noted. Replying to correspondents, he emphasized that Russia valued very highly the general nature of the relations that have been established with Spain. We think, he said, that it is a lucky case where there are no problems or conflicts whatsoever that would divide us. There exist significant potential opportunities for the development of relations in political, economic, cultural, and other areas. In particular, today we discussed the way in which we are to continue our work in order to make full use of these potential opportunities.

Deputy Defense Minister on Cooperation With FRG

PM2607115593 Moscow KRASNAYA ZVEZDA in Russian 24 Jul 93 p 3

[Vadim Markushin report: "Andrey Kokoshin: German Experience Is Useful"]

[Text] Western Group of Forces—Andrey Kokoshin, Russian Federation first deputy defense minister, visited the Western Group of Forces at the end of his trip to the FRG. In a short conversation with journalists he gave his impressions of the present level of and prospects for Russian-German military cooperation.

"It has become appreciably more active since the visit to Moscow by V. Ruehe, head of the German military department, and his meeting with Army General Pavel Grachev," A. Kokoshin said. "And now after my visit a specific protocol has been signed which gives concrete form to cooperation between the two defense ministries. In particular we could look more closely at how our German colleagues plan their military budget, how they make rational use of the resources allocated to defense, and how they purchase arms and combat hardware in the light of the immediate and longer-term prospects and differentiate industrial production in conditions of the sharp decline in the level of military orders. I believe that this experience is very useful to us."

How does the first deputy defense minister assess the possibility in principle of military-technological cooperation between Russia and the West? Answering that question from your KRASNAYA ZVEZDA correspondent, A. Kokoshin said:

"First of all I see the possibility of restoring something which was once considered normal in Europe. Namely, when our Russian officers studied in Germany and German officers studied in Russia. There used to be extensive contacts between guards regiments... As for technologies, matters are more complex there. This is because a system of cooperation was set up a long time ago within NATO and is still functioning and very comprehensive coordination in the production of combat hardware exists. But in conditions of reductions in this kind of production the competition for military orders is becoming increasingly intensive. Generally speaking, I am not optimistic on this score. Although in principle things are possible even here. After careful analysis, of course."

Accusations of Corruption in WGF 'Have No Foundation'

LD2607190693 Moscow ITAR-TASS World Service in Russian 1458 GMT 26 Jul 93

[by ITAR-TASS correspondent Roman Zadunayskiy]

[Text] Moscow, 26 Jul—There must be a halt to the talk of corruption in the Western Group of Forces [WGF], and statements about instances of corruption in the WGF have no foundation, Sergey Stepashin, chairman of the Russian Supreme Soviet Committee for Questions of Defense and Security, said at the WGF headquarters in Germany. He is at the WGF on a working visit. An ITAR-TASS correspondent was informed of this by a spokesman of the WGF command.

In the opinion of the head of the parliamentary committee, the WGF is working normally, is engaged in combat training, is feeding itself, and what is more is helping Russia, and one should say "thank you" to it for that.

Earlier Aleksey Ilyushenko, chief of the Control Directorate of the Russian President's Administration, denied reports of instances of corruption in the WGF.

Parliament Protests Broadcast of Thatcher's 'Insulting Remarks'

LD2607141193 Moscow ITAR-TASS World Service in Russian 1042 GMT 26 Jul 93

[Text] Moscow, 26 Jul (ITAR-TASS)—The press service of the Russian Federation's Supreme Soviet has strongly protested to the Ostankino Television and Radio Company about its broadcast of insulting remarks by Margaret Thatcher and warns that such a tone is inadmissible with regard to the Russian Federation and its supreme representative body. In an appearance on the "Itogi" television program on 25 July, the former prime minister of Great Britain recommended that the people of Russia should do nothing more or less than "dissolve the present parliament and elect a new one." The press service's statement, which was circulated here, reads: Such an utterance can only be assessed as a provocation and an attempt to dictate her conditions on the development of the political processes in Russia.

One is struck by Thatcher's unceremonious and insulting tone and her readiness to interfere in the internal affairs of a sovereign state and teach its leaders what should be done, and how, to protect democracy and the market economy. One recalls also her recent surprised reaction to the fact that Russia is still living "under the old Constitution," when it is time a new one was adopted. It is pertinent to remark that Great Britain has no constitution at all, yet no one takes the liberty of trying to convince the British that they must do something about it, the statement says.

Ship Detained in Swedish Port

PM2607125593 Moscow IZVESTIYA in Russian 24 Jul 93 First Edition p 3

[Marat Zubko report: "Swedes Detain Russian Ship"]

[Text] Helsinki—The Russian ship Yunitim has been detained at the Swedish port of Helsingborg.

The reason for the detention is the lack of an agreement on the terms for hiring crew members. The ship sails under the Honduran flag, is controlled by a Greek firm, and belongs to the Northern Shipping Line in Arkhangelsk. The Yunitim has a complement of 16.

I recall that in December 1992 the crew of the Slavyanka went on strike when the terms of the contract concluded by the Far Eastern Shipping Line with Britain's Lomar Shipping were concealed from them. The strike led to a certain rise in the sailors' pay, but, by all accounts, little has changed in the shipping lines' overall relationship with their crews.

Poland Refuses More Space to Withdrawing Troops

LD2707025793 Moscow ITAR-TASS World Service in Russian 2230 GMT 26 Jul 93

[ITAR-TASS correspondent Igor Shamshin]

[Text] Warsaw, 27 Jul (TASS)—The Polish Government has ruled out any possibity of providing the Russian military mission organizing the withdrawal of Russian troops from Germany through Poland with any premises other than the territory of the Russian embassy in Warsaw, Army General Zygmunt Ostrowski, plenipotentiary of the Council of Ministers of the Republic of Poland for monitoring the withdrawal from the country of Russian army units, reported officially here on Monday evening. According to his announcement, all

facilities in the capital that are under the Russian military now should be handed to the Polish side by the end of the year.

Iranian Ambassador Grants Interview

PM2607144193 Moscow IZVESTIYA in Russian 24 Jul 93 First Edition p 7

[Interview with Nematollah Yazdi, Iranian ambassador to Russia, by Konstantin Eggert; place and date not given: "Tehran Hopes to Welcome President Yeltsin Before Year's End"]

[Text] [Eggert] Mr. Ambassador, the visit to the Iranian capital by Foreign Minister Andrey Kozyrev and his deputy Georgiy Kunadze are evidence of the activation of bilateral links. What might the next stage of development of relations be?

[Yazdi] We sent an invitation to President Yeltsin to visit Iran and he agreed. This visit will essentially be in reply to President Hashemi-Rafsanjani's visit to Moscow in 1989.

[Eggert] When is the Russian leader expected to go to Tehran?

[Yazdi] The date has not been agreed, but we hope the visit will take place before year's end.

[Eggert] What is the situation in one of the most complex spheres of bilateral economic cooperation—the construction of nuclear power stations?

[Yazdi] A fundamental accord on cooperation in this sphere was reached with the Soviet leadership. I am talking about the construction of two nuclear power stations on the territory of Iran. The talks with the Russian side are in the final stages, and we hope that Atomic Energy Ministry experts will start work soon. I would mention that Iran is a member of the International Atomic Energy Agency and is prepared to fulfill all the commitments arising out of membership of this organization.

[Eggert] The sale of Russian submarines to your country prompted varying reactions in the Near East and among Western states. There are fears that the purchase of offensive armaments, which is what submarines are, might have an effect on regional stability.

[Yazdi] My government's policy is geared to strengthening Iran's defense capability, in particular with the help of foreign partners, one of them being Russia. The contract for the purchase of submarines is indeed a major deal, and we are hoping to continue this kind of collaboration with Moscow in the future. Iran does not intend to attack anyone and is merely concerned with ensuring reliable defenses.

[Eggert] In 1992 Iranian diplomats were extremely active, trying to reconcile Armenia and Azerbaijan. In recent months these efforts have ceased. Why is that?

[Yazdi] Our activities as mediators were the result of requests by the Armenian and Azerbaijani leaderships. We are prepared to resume the peace efforts if Baku and Yerevan so wish.

[Eggert] Once it appeared that Tehran was skeptical about the possibility of international organizations' intervention in the conflict in the Transcaucasus. What is your government's view today?

[Yazdi] We welcome the peacemaking activities of the United Nations and CSCE.

[Eggert] What is Iran's view of the change of leadership in Azerbaijan?

[Yazdi] It does not matter to us who is in power in Baku. The main thing is that they should be reasonable people, prepared to conduct a political dialogue for the sake of peace with neighbors.

[Eggert] Some time ago the foreign ministers of the region's states held a conference in Tehran to discuss aspects of the Kurdish problem. What is Iran's position on this quesion?

[Yazdi] People in certain capitals are deliberately raising the so-called Kurdish question, alleging that the Kurds need help. But, in fact, these statements conceal another purpose—the partition of Iraq. We are against the division of the Republic of Iraq and against any border changes in the region.

How the Kurds live and whether their rights are being observed is an internal matter for the countries where they live. I can assure you that in Iran they enjoy the same rights as other nationalities.

South Africa Sends Condolences for Deaths in Capetown

LD2607223493 Moscow ITAR-TASS World Service in Russian 1950 GMT 26 Jul 93

[By ITAR-TASS correspondent Sergey Kulik]

[Text] Johannesburg, 26 Jul—South African Foreign Minister Roelof Botha today expressed sincere condolences on the part of the government and people of this country to the relatives of the four Russian sailors killed in Capetown following the terrorist attack carried out there on people praying at one of the churches on Sunday evening [25 July]. The minister handed Russian Ambassador Yevgeniy Gusarov, whom he received in Pretoria, a letter of condolences from Frederik de Klerk, head of the South African state, to Russian President Boris Yeltsin. R. Botha signed and passed on a similar letter to Russian Foreign Minister Andrey Kozyrev.

The head of South Africa's foreign policy department assured the ambassador that the Russian sailors injured as a result of the terrorist act in this place of worship "will be given all the necessary medical assistance". He

also underlined that the police "have the order to investigate the tragic events in Capetown as a top priority".

Implications of Breach of Indian Rocket Deal Viewed

PM2607110193 Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 93 First Edition p 7

[Dmitriy Kosyrev article: "Now We Are Nobodies. Reneging on Missile Deal With India Means More Than Just a Loss of Prestige for Russia"]

[Text] A terrible decision has been made.

I am talking about what Russia has done to the contract to supply India with cryogenic boosters and corresponding rocket technologies. The accords that Yuriy Koptev, head of the Main Administration for the Development and Use of Space Technology for the National Economy and Scientific Research, concluded in Washington, mean that not only are we not a superpower, but we are simply a nobody.

There have been and there still are plenty of countries in the world which do indeed depend on the United States and other major states for objective economic reasons. All their foreign policy decisions are adopted, if not on the basis of secret consultations with Washington, at least so as not to accidentally offend anyone in the United States. But I cannot recall a single case in the last few years when the United States has forced anyone to breach contracts that have already been concluded, especially with the participation of the country's president. That just does not happen.

But evidently some concepts have, as it were, become outdated in Russia. Well, so be it: Let us talk about more mundane matters. How, for instance, should those countries that have various agreements with Russia now behave: Should they ask Russian ambassadors every week about the prospects of these agreements being implemented or should they immediately make inquiries at the U.S. Department of State? How are fresh accords to be concluded—a word of honor can no longer be accepted, perhaps there should be a monetary pledge, U.S. guarantees, or is there no point at all in concluding accords?

As you know, an independent foreign policy is possible provided that there are independent economic positions (during the previous era this applied to the military sphere). Russia's leaders have allowed the Americans to attack an area where our positions are strong and enable us to earn money ourselves without asking for loans from the Americans. As of now the nature of Russia's economic (and consequently foreign policy) development will no longer be decided in Moscow.

We may now be given loans. Evidently, these will be allowed to be used to develop certain sectors—raw material industries, for instance. But areas where Russian output may compete with U.S. output are another matter. Incidentally, now that the deal with India has been wrecked, others are in line: According to Russian specialists Moscow has already been given a list of 12 similar contracts that we have prepared which do not suit the Americans. How openly everything is being done!..

We are told never mind India, you won't get more than 350 million from it. But we may lose 700 million as a result—the money that we will not receive if... Suppose Russia is not allowed to work on the Freedom joint orbital space station and is not allowed to earn 400 million.

As for India... Why should it not go back on its word to Russia now to repay us debts of $15 billion?

Choosing partners and foreign-policy orientation are difficult things. Andrey Kozyrev, for instance, advocates an unconditional alliance with the United States, for which the minister is described by his Foreign Ministry as the "head of the U.S. Department of State Russian Department." Well, let the minister prove with figures and calculations in hand that this alliance is beneficial, that raw material orientation is in the interests of Russia's national security, and so on. First, how can one justify breaking off a contract that has been signed and, second, what have Kozyrev, Koptev, and the others got to do with it? It was President Yeltsin who assured the Indians in Delhi in January that the contract would be implemented and then is reported to have changed his mind in June at the G-7 meeting in Tokyo. He is as good as his word: He himself gave it and now he has taken it back...

Possibility of UN Naval Peacekeeping Forces Viewed

PM2307132193 Moscow KRASNAYA ZVEZDA in Russian 23 Jul 93 p 3

[Report by Radiy Zubkov, scientific secretary of the Committee of Scientists for Global Security scientific research center: "Blue UN FLag Over Russian Ships?"]

[Text] The present international situation is setting the world community the task of preventing interstate or internal state conflicts and violations of universally accepted international norms and customs with the use of military force and ending as soon as possible those which have already been unleashed. In many cases this task will have to be resolved by resorting to the use of UN multinational armed forces, including naval forces.

In considering this you reach the conclusion that it is a case of a very complex and multifaceted problem. Its delicacy consists in the need to maintain peace with the aid of nonpeaceful means. In addition one cannot fail to consider the possiblity of contradictions between the need for joint actions and the noncoincidence of the interests of the states involved in them. Finally, because

of the high cost and required force level, naval peacekeeping operations can be the "privilege" (or "duty") of only the mightiest naval powers.

The possible peacekeeping tasks are diverse. It seems to me that they are the prevention of violations of peace, the enforcing of conciliation, and the maintenance of peace when it has been established. In this connection many questions arise connected with the composition of the naval peacekeeping forces, the procedure for staffing them, the organization of management, and features of their use.

In this connection I cannot avoid touching on history. The Russian empire, the Soviet Union, and the Russian Federation already have experience of peacekeeping activity at sea. I shall recall the actions of the Russian fleet in ensuring the safety of naval communications over the enormous expanse from Cape Nordkapp to Crete in the 1780's implemented in accordance with the declaration on armed neutrality proclaimed by Catherine II and supported by a dozen European states and by the United States.

On the plane of interest to us the actions of the Russian-French squadron to ensure Greece's safety against the encroachments of the Ottoman empire in 1827-1833 deserve great attention. Incidentally, the famous battle of Navarino, in which a joint squadron completely destroyed the Turkish-Egyptian fleet, is connected with the fulfillment of this task. In 1859-1861 after bloody clashes in Syria on religious grounds a Russian squadron in conjunction with British and French squadrons supported the Christian population.

In our day, in 1987-1989, ships of the USSR together with ships of the Western countries ensured safe navigation for Soviet ships in the Persian Gulf. And in 1992-1993 ships of the Russian Federation this time in conjunction with ships of the U.S. Navy and the navies of other countries have been in the Persian Gulf demonstrating their support for the UN sanctions against Iraq.

The Russian Federation's official attitude toward the problem under discussion is well known. The fulfillment of Russia's commitments to the world community in maintaining peace and stability will be one of the main tasks of our naval forces.

What could the UN naval forces include as part of the UN armed forces to maintain and establish peace? Of course, it all depends on circumstances, on time and place as they say. They could include:

—UN naval monitoring groups for use in restricted (limited) waters with a view to the actual detection of violations of international law, including acts of terrorism and piracy and the nonfulfillment of UN sanctions. I think these groups should be stationed on rapid ships with patrol and combat helicopters on board. These groups could not only monitor the above-mentioned illegal actions but could halt them or take part in halting them together with national forces;

—the naval element of the UN regional peacekeeping armed forces, included in these forces to monitor the observance of a true through patrolling waterways marking a demarcation line (rivers, lakes, gulfs, straits);

—UN naval forces created to fulfill specific tasks from specially trained national naval formations including ships, aircraft, helicopters, and possibly naval infantry units. They would be called on to curb or prevent acts of war at sea, to ensure the protection of sea navigation, carry out economic sanctions (blockade), render aid to the citizens of nonwarring countries, curb or prevent serious violations of international law at sea, and show the UN flag. Some of these forces could be rapid deployment forces consisting of of the naval forces of countries which are not permanent members of the UN Security Council. Permanent members of the UN Security Council could keep ready more powerful reserve forces;

—a permanent UN naval formation—a squadron uniting, on a rotation basis, ships of national navies intended for inclusion in the UN naval forces, creating for them the opportunity to rehearse operations within multinational naval forces.

The control of these forces could be exercised by a central naval commander, regional naval commanders, a UN naval forces commander, or the commander of a permanent UN naval formation with the relevant staffs.

Here only a few of what are obviously the most important tasks of the UN naval forces are listed. They could also be brought in to escort humanitarian aid, to protect the environment, to render aid during natural disasters, catastrophes, and accidents, to eliminate the consequences of military operations (minesweeping, for instance), and so forth.

Special attention will probably be required by the elaboration of means of operation for the UN forces, including the rules for their use of weapons, which would not provoke those who are being appeased to undertake a preventive strike against the peacemakers. These rules should also ensure that these forces are not seen as the aggressor and, finally, they should ensure the avoidance of tragedies like those which occurred, on the one hand, with the U.S. frigate Stark and on the other with the Iranian airliner shot down by the U.S. Navy's cruiser Vincennes during operations to protect shipping in the Persian Gulf five years ago.

The UN naval forces should, I think, be formed on the basis of the requirements defined by the task which is being resolved. The evacuation of the staffers of diplomatic missions and their families from Mogadishu is one thing, ensuring freedom of navigation in the Persian Gulf during the Iran-Iraq war is another, and the conducting of operations like "Desert Storm" is yet another.

Of course, the question of the creation of UN naval forces has many sharp angles. You only have to recall the

problem connected with the transfer of the ships and aircraft of one country to the command of the officer of another. In many cases the ships of different nations joined into a single formation will have to operate under the control of a single commander and collaborate with each other.

And where should decisions be prepared on all the questions connected with the creation and activity of UN naval forces? Obviously these tasks should be assigned to the UN Security Council military staff committee. It is high time that organ's activity was galvanized. As a result a central naval commander with his own staff could function under it.

Of course, only some aspects of the creation and activity of UN naval peacekeeping forces are touched on here. But these problem is knocking at the door increasingly loudly. The time has come for its broad and open discussion. And not only for discussion but also for practical actions.

Political Issues

Pro-Khasbulatov Deputy Minister Dismissed

MK2707074693 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 25 Jul 93 p 1

[Unattributed report: "Khasbulatov's People Being Removed From Top Posts in Power Ministries"]

[Excerpt] Major General Andrey Dunayev was dismissed from the post of first deputy internal affairs minister this weekend upon an edict by the Russian president.

The edict does not specify why the first deputy minister, who supervised the ministry's operational services, was kicked out. MOSKOVSKIY KOMSOMOLETS experts offer the following explanation: The pro-Khasbulatov General Prosecutor's Office and the parliament started tripping up First Deputy Prime Minister Vladimir Shumeyko, and Boris Yeltsin immediately responded by striking at Andrey Dunayev, who has been considered Ruslan Khasbulatov's long-time ally. [passage omitted]

Rutskoy Interviewed on Yeltsin, Far East

OW2707112393 Moscow Russian Television and Dubl Networks in Russian 0446 GMT 21 Jul 93

[From the "Dalniy Vostok" program]

[Text] Today we show you a fragment of an interview with the Russian vice president recorded by Khabarovsk television journalists in Moscow several days before Aleksandr Rutskoy left for the Far East. Before the interview, let me say a few words about Rutskoy's office. A long time ago Lavrentiy Pavlovich Beriya toiled in these chambers, but today Aleksandr Vladimirovich Rutskoy works here.

[Begin recording] [Unidentified reporter] There is the president and the vice president, two grown-ups, two wise men. Is it really impossible to find common ground? Is it too late to extend a hand?

[Rutskoy] You know, I have been doing it for two years. Not taking the last two, three, or four months into consideration, it is difficult to accuse me of being disloyal to the president. Why? Because I was loyal. I did not agree with the decisions proposed to him by his people surrounding him from the first stage onward. Let us have a look at the realization of these decisions: Decree No. 1 one on science and education—was anything at all carried out? Zero. Let us have a look at the president's program—if you wish, I may read it out to you. I used to advocate this program. Nothing at all mentioned in this program was carried out. How could one agree to this? You think that it is coincidental that the maritime and Ural republics are now being formed? You think that this is coincidental?

[Reporter] I think that it is not coincidental at all.

[Rutskoy] No, it is not coincidental at all. People are simply tired because of all these blockheads, all these Shakhrays, Burbulises, Kozyrevs, Shumeykos, Chubayses, Yeltsins and others. They are simply tired. People want only one thing—they want to live a normal life. They are tired of parasitism. They want to see a situation in which they can keep what they earn. As to federal needs, there is the Army, communications, energy, and law enforcement. This it it. These are the four functions. There are also the courts, so it is five all told. So, take what you need to cover these, and leave us the rest. In such a case the oblast, the kray, and the republic will see that if they work for a year without fooling around, they will have profits, but if they fool around for a year, they will have nothing. If such is the case, a person has a stimulus, the social consciousness is more actively transformed, and not through some kind of a cavalry charge but rather in an evolutionary way. So, all this is not incidental. By the way, this is a dangerous phenomenon, a dangerous phenomenon. [end recording]

More 'Radical' Democrats Join Yeltsin Administration

PM2707084593

[Editorial Report] Moscow ROSSIYSKAYA GAZETA in Russian 23 July 1993 First Edition carries on page 1 under the headline "Migratory Birds in Flight" a cartoon showing three politicians—labeled Kotenkov, Volkov, and Krasavchenko—running from the White House to the Kremlin with a migratory bird flying overhead.

An accompanying text reads as follows: "Russian Federation people's deputies representing the radical democrats' faction are with increasing frequency occupying key positions in the president's administration. The deciding factor in making the appointments is not good professional training and practical work experience but personal devotion. The presidential appointees are in no hurry to part with their mandates as deputies.

"This is evidently being done in order to carry through to their conclusion the specific social demands of the executive branch of power."

Need for Consistency in State Policy Urged

PM2607104993 Moscow KRASNAYA ZVEZDA in Russian 24 Jul 93 p 3

[Article by Aleksandr Golts: "State Should Be Predictable"]

[Text] When I was thinking of the latest skirmish which had developed between executive and legislative power, this time over the question of privatization, I recalled an article I had read a long time ago about British jurisprudence. Describing how in Britain there are no written laws, how judgment there is by precedent, that is on the basis of previously made decisions on similar cases, the author argued that this system is backward. He said that it deprives people of the opportunity to find their way in

new circumstances. And in a way he was right. One has had to live a few years on our society as it undergoes revolutionary change to assess at its worth this desire to live by precedents. After all, it contains a desire voiced to the utmost degree to live according to unchanged standards. In that sense a precedent is far more powerful than a written law. After all, what has happened once cannot be repealed or revised.

But we are not the British. We are finding it totally impossible to exist according to laws written only a couple of years ago or even less. That can be seen clearly from the conflict over privatization. Parliamentarians are suspending the president's edict on guarantees of citizens' rights to take part in privatization. Moreover, they are changing their own resolution on the division of state property adopted in 1991.

I do not intend here to act as an advocate of privatization. It is perfectly obvious that it has many flaws. There is people's obvious unpreparedness for operations involving securities, the wide scope for all kinds of fraud, and the opportunities opened up for abuses by officials. But for all this privatization had one undoubted advantage—it was already under way. And a considerable number of people (a figure of 25 million is cited) have already taken advantage of the opportunities which initially seemed to be offered. That is in one way or another millions of people linked their hopes with privatization.

And now privatization has been suspended. With retroactive effect. All these people now have the opportunity to suspect the state of playing a dishonest game. You must understand, not the Supreme Soviet, not the government (it is a long time since the ordinary man in the street had any time for their squabbles) but the Russian state. The state we ourselves are creating.

We know full well from past years that money cannot be entrusted to the state. It can always take it. It can freeze assets indefinitely, saying: We made a mistake and we are bankrupt. So forgive us, friend, if we use the money you have earned. It can conduct a monetary reform involving confiscation. Or confiscate money on the spur of the moment.

But recently they have assured us that all this was the case in that totalitarian society to which there is no return. Now, they say, we are building a civic society in which the state is not the master, not the overseer. Where it is a partner. And the first check on this new partnership was the privatization program. Those who took it seriously in one way or another concluded a contract with the state, believing that the state would fulfill what were, frankly, not so onerous commitments. But no, the state still considers it possible to change the rules while the game is in progress.

There are other examples on this plane. For instance, the law "on the status of the serviceman" has been in existence for just six months. Yet attempts have already been made repeatedly to emasculate its content in the sphere of the state's social guarantees with regard to its defenders.

Today the Russian soldiers are in "trouble spots" on the territory of the former Union. And behind their backs in Moscow an endless dispute is dragging on between politicians over whether they need to be there. Let us think—people are risking their lives every hour. They are doing this while they fulfill their duty to the country. And at the same time they realize that one fine day they can be told that they were there by mistake. That the state does not bear responsibility for it. Yet here it is a case not of money but of life.

Finally, I must mention Russia's international commitments. Moscow has just gone back on its word, deciding, at Washington's demand, to alter the terms of the Russian-Indian space contract. And again I allow that there were flaws in this contract, that it fails to consider requirements for the nonproliferation of missile technology. But they should have thought of that when they signed the contact. When they argued its legality in firm voices. When they interpreted the U.S. demands as unacceptable diktat. Now, whichever way you turn, Russia is going back on its word. And it is naive to consider that this will bypass the attention of those whom we see as our partners in a delicate field like the arms trade.

I understand well that it is hardly fair to make on a society undergoing radical change the same demands as one would on established, stable states. But we must begin sometime. Begin to respect a partner. Whether it is a simple citizen, a soldier, or a foreign state. Stability begins with the state becoming predictable. When there is no need to guess how it will act given the existing laws, which are adopted to execute, not to change. I dream of predictability. And I am not alone. It is not only the British who should be able to live in a stable society.

Economic Issues

Yeltsin Privatization Decree Overrules Parliament

LD2607173493 Moscow Radio Rossii Network in Russian 1700 GMT 26 Jul 93

[Text] On 26 July Boris Yeltsin signed a decree on additional measures aimed at protecting Russian citizens' right to participate in privatization. In effect this decree not only restores but also extends the force of the presidential decree on state guarantees for Russian citizens' right to participate in privatization, signed in May and recently suspended by parliament.

Chubays Holds News Conference

LD2607194693 Moscow Ostankino Television First Channel Network in Russian 1700 GMT 26 Jul 93

[By correspondent German Solomatin; from the "Novosti" newscast]

[Text] Last week the Russian Federation Supreme Soviet made an onslaught aimed at destroying privatization. At his news conference today Anatoliy Chubays said that four documents had been prepared, and two had been passed by the Supreme Soviet. Chubays noted that the key aim of the Supreme Soviet was the repeal of Decree 640 of the Russian Federation president and the actual suspension of privatization in Russia. Speaking at the Supreme Soviet last week, Anatoliy Chubays stated that the State Committee for Management of State Property will never agree to this decision of the Supreme Soviet, and will make the utmost effort to defend the interests of Russians. Today at this news conference, five hours after the Russian president signed Decree Number 1108 of 26 July, Anatoliy Chubays stated that he had fulfilled his promise—on the first day of his work in the Kremlin the president had issued a decree on the continuation and acceleration of privatization. One hour after the decree had been signed, the local Committees for Management of State Property were informed of it. Thus, so far the Supreme Soviet has not managed to stay the course of privatization.

Answering a question from correspondents whether he expected any countermeasures from the Supreme Soviet, Anatoliy Chubays said that the State Committee for Management of State Property had its own counter-countermeasures. Evidently it will go on the same way for a long time. Maybe it would make sense to stop all this and finish the business of privatization without hindrance from the Supreme Soviet?

Further Reaction to Withdrawal of Bank Notes

Finance Ministry Statement

LD2607185793 Moscow ITAR-TASS World Service in Russian 1812 GMT 26 Jul 93

[Text] Moscow, 26 Jul—The Finance Ministry has issued a statement. It says:

"The Russian Finance Ministry states its disagreement with the decision of the Russian Federation Central Bank on the compulsory exchange of old bank notes. The Russian Finance Ministry states that it did not take part in the preparation of this decision and considers it politically and economically damaging. It appears to be a planned political act aimed at rousing the dissatisfaction of the population with the president, his government, and the course he is conducting. It was not by chance that this decision was adopted precisely at a time when the first signs of financial stabilization had appeared.

The decision of the Russian Federation Central Bank signifies the latest direct deception of the population, who several weeks ago were promised a serene and gradual withdrawal of old notes up to the end of 1994, and in fact boils down to the confiscation of a portion of their financial means from the population and enterprises, in the same way as compulsory depositing signifies the depreciation of money. This reminds one of the actions of the USSR State Bank and the Pavlov Government in January 1991, and the ensuing negative results with which one is familiar.

It has been proven in practice that such measures are useless in the fight against corruption and crime. The victims will be mainly people saving up for a major purchase or away on holiday, pensioners who do not trust banks and keep their money in cash, and people living in remote parts of Siberia, the Far North, and the Far East.

From the anti-inflationary viewpoint, this decision by the Russian Federation Central Bank is not only pointless but harmful. Loss of faith in the state, a sharp drop in the ruble's exchange rate value, and a flight to the dollar, and numerous abuses and machinations in the course of the exchange will inevitably lead to a weakening of anti-inflation policy.

The exchange will have an extremely adverse impact on mutual relations with former USSR republics, that still to varying extents use Russian rubles as cash. Old bank notes are circulating in these countries, many of which are not yet ready to introduce their own currencies. The exchange has caused chaos in these countries and worsened their attitudes toward Russia as a trustworthy partner, that is already adversely affecting the situation of the Russophone communities living there. Moreover, questions over the future of the ruble zone have not been resolved, as a result of which a new spiral of inflation in Russia is inevitable as gratis deliveries of Russian cash continue to former USSR republics, since bank money there ceased to be equivalent to Russian bank money as long ago as July 1992.

On the whole, the decision to immediately exchange old-design bank notes can be described as a blow against the economic reforms in Russia, as a move contradicting the policy of the president, and the outcome of the referendum. It should be revoked at once, and the managers who prepared it should be made responsible.

The Russian Federation Finance Ministry will take every measure to continue the policy of financial stabilization, reduce inflation rates, ensure a stable Russian ruble, and establish civilized payment and credit relations with the former USSR republics."

Chernomyrdin Calls For Safeguards

LD2607194793 Moscow Radio Rossii Network in Russian 1900 GMT 26 Jul 93

[Text] Viktor Chernomyrdin, head of the Russian Government, believes that it is necessary to take every possible measure to ensure that the Russian Central Bank's decision to withdraw old bank notes is implemented without damaging the interests of the population. According to a RIA agency report, he made this statement at a government conference today. It was pointed out at the conference that the bank's decision was aimed first and foremost at protecting Russia's

interests against a ruble intervention from other republics of the former Soviet Union. It was said at the conference that not enough preparation had gone into the implementation of the Central Bank's decision.

Chernomyrdin: Bank Did Not Explain Purpose

LD2707100793 Moscow Radio Rossii Network in Russian 0900 GMT 27 Jul 93

[Text] Our special correspondent Eduard Gendileyev reports that Russian Prime Minister Viktor Chernomyrdin arrived in Saratov Oblast today. The purpose of his visit is to examine issues relating to gathering the harvest and problems of the conversion of defense enterprises.

Touching on the Russian Central Bank's decision on the exchange of old-style money, Chernomyrdin said in particular that the trouble was that the Central Bank had not explained the purpose of this action and had not prepared for its practical implementation.

Bank Officials Interviewed

LD2607223993

[Editorial Report] Moscow Russian Television Network in Russian at 1935 GMT on 26 July broadcasts a 12-minute program entitled "Reform? Exchange?—For and Against" presented by correspondent Vladimir Martynov, consisting of interviews on the withdrawal of Russian bank notes with A. Khandruyev, deputy chairman of the Russian Central Bank; A. Barabash, first vice president of the Russian Savings Bank; and Deputy Finance Minister A. Kazmin.

Asked who sanctioned the Central Bank's decision, Khandruyev replies: "Under the Russian Federation law on the monetary system, the Central Bank of the Russian Federation has the right to take a decision to withdraw bank notes, and this decision was prepared by the Central Bank, but it is quite clear that it has been agreed with the top political leadership. You know that the Russian Government made a statement in which it supported the Central Bank's action."

Khandruyev continued: "We started preparing many modifications from autumn last year, when we saw that a process was under way of forging bank notes, and finally the dumping of rubles from the countries of the former Soviet Union. Well, from the outset we had two options: The soft option, and the harsher option... we did not want the legimitate interests of Russian Federation citizens to be affected, and so at the initial stage we took the soft option, but when we saw that according to the most modest estimates since the beginning of the year, about 500 billion rubles [R] had been dumped from the countries of the former Soviet Union, and that is twice the sum which is now subject to exchange—only R247 billion is subject to exchange—and cases of forgery became more frequent—I can say that in certain regions the quantity of false R50,000 bank notes with the signature of former Central Bank Chairman Matyukhin, reached 25 percent.

"Taking account of the unusual situations that are emerging, we are making changes both to the timescale and the nature of the operations being conducted, although I have to say that we had already planned this on 23 July. For example, this morning we issued a telegram according to which R10,000 notes of 1992 issue can be freely exchanged throughout the territory of the Russian Federation above the R35,000 ceiling. We have already taken a decision that if someone comes to the Savings Bank, say for instance his relative has died and he has to go to a funeral, then he is entitled to exchange an unlimited sum without hindrance."

A. Barabash says he knew about the Central Bank's decision since Friday evening, 23 July, and only received the official document on Saturday morning. He said that the main problem had been to provide sufficient cash to the offices, which was difficult even in the capital. He said the problem was now solved in Moscow, although problems could still arise in the regions.

A. Kazmin says: "I can say this, that a statement by the Russian Federation Finance Ministry was circulated today through the communications channels, which expresses the ministry's disagreement with the sudden decision by the Russian Central Bank, that was taken without proper consultation with or even notification to the deputy chairman of the council of ministers, Russian Finance Minister Boris Fedorov. We believe that this sudden decision to exchange treasury notes and bank notes, issued from 1961 to 1992, goes way beyond a purely technical measure, and the first results of this decision over Saturday and Sunday have shown convincingly that a considerable outburst of social tension has occurred both in society, and in our relations with the republics of the former Soviet Union."

He continued: "The question of preserving the ruble zone is a very vexed and difficult question that has been raised in different forms in consultations between the Finance Ministry, the Central Bank, and other bodies, and at sessions of the government Credit Commission. In all these cases, such a one-time, so-called 'simple' decision was not proposed. We took as our basis that this matter was political, which affected very many citizens and affected relations within the Commonwealth, within the ruble zone. So it had to be tackled by different, more civilized methods, and in any case a one-time exchange of old notes does not in any case lead here to a radical solution to the problem.

"In particular, what happened after the exchange? The Armenian economy came to a standstill, because bank notes were declared insolvent and there was no other currency in Armenia. In making this decision, the Central Bank did not think these matters through, not to mention the moral and material damage to Russian citizens, especially those who are on holiday, who live in

rural areas, and who live in areas of the Far East, Siberia, and the Far North where there is often no possibility of depositing funds in the Savings Bank, where the population has traditionally always held large stocks of cash."

On the subject of Yeltsin's decree revising the Central Bank's decision, Kazmin says: "We welcome the fact that what we see as an unjustified restriction on exchanging old style bank notes for Russian citizens has been lifted—R100,000 is, after all, better than R35,000, although we insisted that the restriction on the sum and the timescale should be completely removed, that is, that the statement made by the Central Bank itself a few weeks ago should be observed—that notes of the USSR State Bank, treasury notes issued prior to 1991, would be legal tender right up to the end of 1994. We believe, we take as our basis, that money is an absolute obligation of the state, and the Central Bank is a state body, and in order that trust in it should not be undermined by such sudden, sporadic decisions, it should have remained true to the statement which it had itself adopted."

On the subject of the ruble zone, he says: "The first decisive step to withdraw from the ruble zone was made on 1 July 1992 when correspondence accounts for the republics were introduced at the Central Bank and all accounts between them started to be conducted exclusively through the Russian Central Bank, that is, since 1 July 1992 there has been practically no ruble zone in noncash circulation. There are individual circulations for Russian, Belarusian, Kazakhstan, and other rubles. The fact that at the same time supplies of cash continued to the republics in effect without any control until the second quarter of this year, when tight financial policy began to be pursued inside Russia and toward the former Soviet republics, it is clear that constantly preserving a situation when cash was supplied in huge quantities to the republics in effect free of charge, could not be tolerated. This does not help normalize payment and transaction relations within the Commonwealth, and it is essential to seek a solution here, in the conditions in which we currently find ourselves, because as has been shown by the negotiating process within the CIS, you can swear fidelity 10 times over to a single monetary and credit policy, but when this is not backed up by normal civilized forms of transaction and credit relations, all these assurances are not worth very much."

Leaders Condemn Decision

LD2607215593 Moscow Ostankino Television First Channel Network in Russian 2000 GMT 26 Jul 93

[From the "Novosti" newscast]

[Text] Sergey Shakhray thinks that the action of the Central Bank will have political consequences as it is one of the links of a big plan, together with the instigation of criminal procedings against Shumeyko. The vice premier states that the next step will be an expression of no confidence in the government during the work of the all-Russia economic conference.

Aleksandr Rutskoy says the executive power headed by the president has once again shown its contempt for rank and file citizens and its inability to conceive the possible social consequences of decisions that are adopted. This is not a fight against inflation, notes the vice president.

Peasant's Party Chairman Yuriy Chernichenko demanded an investigation of the action against the people, stating that the robbing of tens of millions of people is part of an anti-presidential putsch which has been carefully planned by the Red-Brown opposition.

Yeltsin's Decree Eases 'Panic'

LD2707084293 Moscow ITAR-TASS in English 0828 GMT 27 Jul 93

[Text] Moscow July 27 TASS—ITAR-TASS correspondents report from all over Russia about the response to the Russian president's decree putting the money circulation in order.

Lines at savings banks shortened. A box of matches no longer serves as "small change" in stores. Many conflicts at shops resulting from the absence of change have been prevented. Such are the initial tangible results of the operation of the president's decree in Sakhalin and the Kurils. Aleksandr Yemelin, deputy chief of the Sakhalin agency of the Central Bank of Russia, believes the decree will put a stop to the population's panic and will enable citizens to exchange old banknotes without undue strain.

"The adjustment of the procedure of banknotes exchange envisaged by the presidential decree certainly gives more reliable guarantees for citizens' social protection", Tamara Rozova, chief of the Khabarovsk territorial agency of the savings bank, told ITAR-TASS.

Yuriy Sitnikov, acting chairman of the Krasnoyarsk territorial Council of People's Deputies agrees. "Although the president's decision does not ease the acuteness of all the problems connected with the actions of the Central Bank, we can feel calmer now", he said.

"The decree makes it possible to solve a number of matters that had previously defied solution," said Viktor Nikonov, deputy head of the Kirov regional administration. "The action which is regarded necessary by the overwhelming majority of the region's residents now makes things easier for people".

Bankers, chiefs of region, believe the withdrawal of old banknotes from circulation was necessary, but they doubt if it should be carried out so quickly. The action that has not been duly prepared (for instance, almost complete absence of small change) led only to dissatisfaction and political instability in society.

Irina Epova, head of the Chita savings bank, describes the Central Bank's decision as "right and timely" as the similarity in the colour of banknotes of different denomination was an inconvenience to cashiers and buyers.

There are different views, though. Aleksandr Suvorov, chairman of the board of the Krasnoyarsk "Sinto-Bank", believes that the easing of the terms of banknotes exchange is not of much importance, as most people have already rallied from an initial shock.

On the whole, the actions of the authorities often cause perplexity in the provinces. Residents of Ulan-Ude interviewed by itar-tass remarked that in the past two days, members of the government, representatives and of the Russian Parliament made so many statements on television and radio in the past two days regarding "amendments to the monetary reform" that people were misled and different rumours were spreading.

Shakhray: Exchange Damaged Government

LD2707143793 Moscow ITAR-TASS in English 1403 GMT 27 Jul 93

[By ITAR-TASS correspondent Lyudmila Aleksandrova]

[Text] Moscow July 27 TASS—The campaign to withdraw old banknotes has done serious damage to the executive power which will not be offset by its potential economic effect, Russian Vice-Prime Minister Sergey Shakhray said.

Speaking at a news conference at the international press centre in Moscow's Slavyanskaya Hotel on Tuesday [27 July], Shakhray said that President Boris Yeltsin's decree has somewhat eased the situation, but it cannot fully make up for the moral and political damage caused to the executive power.

The vice-premier stressed that the Central Bank is subordinated to the parliament and under the Russian law "on banks and banking" it has the right to withdraw banknotes from circulation. In accordance with the law, it also has the right to carry out such measures without consent of the parliament or the government. Strictly speaking, the bank did not exceed its powers. The only exception was its decision to limit the sum of money allowed for exchange and place the rest on bank deposits, Shakhray added.

Shakhray recalled that Russian Parliament Speaker Ruslan Khasbulatov had told a meeting of heads of local councils that bank chairman Viktor Gerashchenko has promised to carry out the action "in an organised manner." This means that the speaker had been informed about the action in advance, Shakhray added. He believes Prime Minister Viktor Chernomyrdin also knew about it because Gerashchenko is a member of the Presidium of the Council of Ministers.

"On Friday several members of the government and I were informed that the Central Bank would withdraw old banknotes. The bank had sent out letters of instruction to regions. I cannot tell whether the president knew about the action. I think he should have been informed about it," Shakhray said.

"Intentionally or not, but this action fit the scenario of a political conflict and worsened it by damaging the government's popularity. As a member of the government I understand it only too well," the vice-premier noted.

Even former Soviet Prime Minister Valentin Pavlov managed to carry out his exchange campaign in January, but not in summer when most people are on vacation, Shakhray said.

It is hard to find long-term economic advantages in this action. Perhaps it was a hint to other republics of the Soviet Union that it is time to determine in which financial system they want to live—to remain in the rouble zone or introduce their own currencies, Shakhray emphasised.

It may be good for the protection of the Russian market from an inflow of roubles rejected by other republics or confiscation of money from the mafia. But the action cannot make up for negative social consequences it has caused.

Bank Official on Yeltsin Response

PM2707113993 Moscow PRAVDA in Russian 27 Jul 93 p 1

[Aleksandr Golovenko report under general headline "Playing With Money Now": "Admission by Banker. Everything Was Known in Higher Echelons of Power"]

[Text] Yesterday at a restricted meeting between A. Khandruyev, Central Bank of Russia deputy chairman, and agency and newspaper correspondents the following question was put: "Did the Russian Federation Supreme Soviet know about the imminent action?..."

"Parliament gives the go-ahead for the emission of new money, but its withdrawal from circulation is the bank's exclusive right," Aleksandr Andreyevich replied. "But what about Yeltsin?" the journalists asked, keeping up the pressure. It emerged that "agreement was reached in an atmosphere of the strictest secrecy and that nearly all the country's supreme leaders participated in it."

The PRAVDA correspondent put this question:

"Does it not seem to you that Boris Nikolayevich could revoke your novation and score some extra points?"

"Adjustments to its implementation are being made hourly," our interlocutor explained. "But, whatever reasons were behind the ban, it will not solve the problems Russia's finances are facing. I would remind you that the countries constituting the former union republics have recently dumped on us approximately 5 billion rubles—a sum which is twice the size of that which was to be withdrawn. At the end of July we were left with 10 percent of it...."

Dollar Exchange Rates Differ

PM2707104193 Moscow IZVESTIYA in Russian 27 Jul 93 First Edition p 1

[Ivan Zhagel report: "Dollar Fetches 2,500 Old Rubles on the Street, But Falls Below 1,000 on the Markets"]

[Text] The campaign launched by the Central Bank of Russia to exchange old bank notes has created a contradictory situation in the market for cash and noncash currency. Thus, the latest auctions on 26 July at the Moscow Interbank Foreign Exchange Market saw a continuation of the trend of recent weeks— the dollar fell yet again, this time to 996.50 rubles [R].

But there was still relatively low demand for noncash currency. Preliminary bids before the auctions began amounted to just $39.89 million, whereas preliminary offers totaled $61.82 million. And there is no doubt that this time too the Central Bank had to buy up a considerable amount of foreign currency in the market, so as to prevent a sharper fall in the dollar.

But on the cash market there were clear signs of excitement. This peaked over the weekend. During this period commercial banks' exchange centers were even setting two rates—one for old rubles and one for new rubles. Thus, the dollar was selling for R1,500-2,500 in old notes, or R1,150-1,300 in new notes. The latter figures were undoubtedly somewhat higher than they had been before the start of the exchange operation.

On 26 Jule notices appeared at exchange centers to the effect that operations would only be conducted for 1993-issue rubles. But, at the same time, many banks were not selling currency, clearly waiting for the situation in the market to become clearer. Whereas the rate for purchasing foreign currency from the population had clearly been depressed—it even reached R950 to the dollar.

'Perfidious' Act Viewed

PM2707105393 Moscow SOVETSKAYA ROSSIYA in Russian 27 Jul 93 p 1

[Gennadiy Zyuganov report: "Shock Blow"]

[Text] After blatantly deceiving people by saying that no monetary reform is on the cards, the Russian Government announced the implementation of financial measures on the weekend, the full force of which is borne by ordinary people. The new reform can only be described as a perfidious, adventurist act by hapless reformers. It entails draconian confiscatory action in respect of almost the entire population of the country. Without new bank notes, people cannot acquire the most elementary food produce, or use transportation and other services. The reform also hits at a significant portion of entrepreneurs, who are incurring serious losses.

Its original concept and methods of implementation lend the reform a purely provocative feel, and it may prompt mass unrest. It is arousing the indignation of people waiting in lines outside savings banks and stores which do not have bank notes to exchange.

In respect of large-scale mafia capital, however, the reform is encouraging. The nouveaux riches have been given yet another chance to significantly increase their capital assets via bank note speculation on the black market, and gold and hard currency deals.

Once again, the broad public opinion of the country has been diverted from crucial problems of a political and socioeconomic nature. The antipeople policy of the current authorities has been laid bare.

Commentary Views Exchange

PM2707100593 Moscow IZVESTIYA in Russian 27 Jul 93 First Edition pp 1, 4

[Mikhail Berger article: "People Do Not Need Authorities Who Defraud Them"]

[Text] Last weekend the entire country was nervously counting up its old and new bank notes and no less nervously trying to use these in transactions. The Central Bank of Russia's decision to exchange money also had a grave impact on nearby foreign parts.

Last Saturday, 24 July, the Central Bank of Russia solemnly stepped on the rake which it had tidily placed in its own path 6 July this year. Probably many people will remember that exactly three weeks ago the Central Bank announced that it was gradually withdrawing from circulation 1961-1991-issue notes as they constituted money issued by a defunct state—the USSR. As the Central Bank politely explained at the time, this was being done to remove the many different types of bank notes representing identical denominations.

At the time Aleksandr Khandruyev, deputy chairman of the Central Bank, assured Russian citizens in IZVESTIYA that old notes would still be usable "in six months' time and in a year's time." IZVESTIYA should probably apologize to readers for unwittingly spreading the lies told by the Central Bank leadership.

Today Khandruyev is explaining to the public that the exchange of money is taking place exclusively in the interests of citizens of Russia who are suffering from the influx of rubles from the CIS. Let us put the ethical aspect of the matter to one side. The Central Bank representative is doing nothing original. There has long been a popular saying in our country that if the authorities swear not to do something, they definitely will do it. Let us look at what the substantive aspect of the measure.

In announcing the gradual replacement of old-style notes, the Central Bank could not fail to have foreseen the reaction this would cause in the republics of the nearby foreign parts. Even the people there who are least acquainted with financial operations probably guessed that things were headed toward monetary reform, and

they thought about "retaliatory measures"—that is, about getting rid of old-style notes. And if the Central Bank was unable to predict the ensuing intensification of the influx of cash from the CIS when it announced the long-term procedure for taking old notes out of circulation, then this shows the complete analytical impotence of this esteemed organ.

According to the latest official figures, there were 4 trillion rubles [R] in circulation at the end of May. According to expert assessments, another R500 billion has now been added to that figure. Of this sum no more than 20 percent—in other words, around R1 trillion—is located outside Russia. But how much of that is in old notes? There is no definite answer to that question. Judging from the fact that in recent weeks the cash exchange rate had fallen and was even lower than on the Moscow Foreign Currency Exchange, the stream of rubles from the CIS had not increased to any noticeable extent. This means that claims of ruble intervention "from beyond the hills" (which are now being used as a pretext for the hurried exchange operation) are not very convincing or at least require some proof.

Moreover, on 30 June the Supreme Soviet adopted the decree "On State Credits to Governments of States of the Former USSR Which Use the Ruble." Paragraph 9 directly states that these states will be provided with 1961-93-issue rubles. This decree is in force. Even the Central Bank is unable to repeal it, and this means that the CIS states have been receiving new rubles, and will continue to do so, on a legitimate basis. In other words, this measure does not solve the problem of protecting the Russian money supply.

As Russian Deputy Finance Minister Andrey Kazmin stated, it would be more effective in this respect to introduce ruble exchange rates applied to the rubles used in Commonwealth states. The introduction of such rates would help to normalize transactions with the CIS states and, consequently, to stimulate industrial production in Russia. But instead of this, Kazmin says, the Central Bank has decided to exchange money without any consultation with the Finance Ministry. This simply demonstrates its failure and its reluctance to coordinate its actions with the government.

In addition to what the deputy minister said, there is every reason to claim that not only the Finance Ministry and the finance minister, but even the prime minister too did not know about the Central Bank's scheme until late on 23 July. The very fact that the Central Bank decision nullifies the economic agreement recently signed by Chernomyrdin with Ukraine and Belarus—which particularly uses the ruble—would have led him to object if there had been any preliminary consultations with him. Judging from unofficial information, even the Russian president was not informed about the action in preparation.

The setting of a ceiling of R35,000 for the exchange of cash shows the continuity between the current measure and Pavlov's exchange of R100 notes. Both then and now the authors of the ideas of such exchanges geared themselves to average earnings (according to preliminary figures, average earnings in June were R37,800). And a stamp attesting to the Savings Bank operation will again be placed in people's passports (why not a tattoo on people's foreheads, so that nobody could cheat anyone?) following the last example set by the USSR.

In the opinion of Western experts working in Moscow, in the next two weeks there will be an influx into Russia of old notes from the CIS, and an exchange black market will form. They calculate that that, on average, Russian citizens hold just over R5,000 each in old notes. This means that they can legally exchange the rest at a rate of one to one, while obtaining old rubles from the CIS at a discount of, say, two to one. By simply multiplying the population by 35,000 the experts calculate that the total exchange rights of Russian private citizens alone amount to no less than R2.5 trillion, plus a potential R1 trillion in the population that does not have Russian citizenship. And then, after all, there is the potential of corporate bodies. As a result, every R2,000 from Kazakhstan or Belarus may be exchanged through a middleman for R1,000 new rubles. But the middlemen will exchange the Kazakh or Belarusian rubles at a rate of one to one. Russia will be hit by inflation, and its neighbors will reduce the money supply on their territories.

The patent lack of any economic sense to this measure, Deputy Minister A. Kazmin believes, forces us to suppose that the decision has a purely political aim. It was made at a time when the president and the vice premier, who are responsible for finances, were on vacation, and when parliament had adopted amendments to the law on the Central Bank, making it wholly subordinate to parliament, in practice isolating the president from the Central Bank, and depriving him of the ability to even nominate a candidate for chairman for ratification by parliament.

Against its own will the Central Bank has provided an excellent opportunity for all branches of power to show themselves to be defenders of the people's interests. First and foremost, urgent intervention is expected from the president, who may issue an edict amending the money exchange conditions. This at least would allow him to distance himself from the Central Bank's actions and avoid the inevitable accusation about another robbery of the people. The speaker of parliament has already managed to exploit the situation by expressing indignation at the organized measure. And only the government has decided to inculpate itself, by disseminating 26 July a statement of support for this strange measure which it had no involvement in preparing (unless you count the fact that Viktor Gerashchenko is a cabinet member).

'Firm Action' by Yeltsin Urged

PM2707103393 Moscow ROSSIYSKIYE VESTI in Russian 27 Jul 93 p 1

["Academician's Opinion" by Yevgeniy Yasin: "We Must Not Slip on the Banana Skin Twice"]

[Text] I believe the decision was hasty and extremely ill-judged. It is enormously damaging to the reforms and deals a blow to the people's confidence in the government, president, and state. I would put it this way: We must not slip on the banana skin twice. But apparently this is not holy writ as far as we are concerned. It is also said that smart people learn from the mistakes of others, while not very smart people learn from their own. We, however, somehow contrive not to learn even from our own mistakes.

What do I think are the specific flaws in this decision? In the first place, it is more or less clear to what end it was adopted: The idea was to protect Russia from an influx of rubles from the CIS countries, but I think the method that was chosen is pretty immoral. It is ineffective, moreover, because it strikes not at those who are responsible for the inflationary influx of large amounts of rubles into Russia, but primarily at the Russian populace.

I profoundly believe that someone must bear responsibility for these measures. If they get away with it and people do not learn who the culprits are, they could lose faith forever in the basic trappings of state power. I think the president will have to take quite firm action.

Motives for Reform Pondered

PM2707102793 Moscow ROSSIYSKIYE VESTI in Russian 27 Jul 93 p 1

[Yuriy Rytov article: "On Quitting the Money Bills, Lenin Has Loudly Slammed the Door"]

[Excerpts] It is amazing but true. Two official documents devoted to the exchange of money have been signed. They are a report by the Central Bank of Russia and a statement by the Russian Federation Government. But neither of these documents provides an intelligible explanation of the reasons that gave rise to that action. There are only explanations relating to the technical aspect of the exchange of money and assurances that ordinary Russian citizens will not suffer in any way as a result of this operation. [passage omitted]

For just what purposes is it being carried out? It is possible to draw the following conclusions from numerous interviews with the leaders of the Central Bank of Russia.

First purpose. To stop the influx into Russia of ruble funds which are continuing to come from the Baltic republics and other CIS countries with their own national currency where rubles are still in circulation and which step up inflation on coming onto the territory of the Russian Federation. According to estimates by the Central Bank of Russia, the volume of old-style cash rubles in the CIS republics amounts to 20 percent of the mass of Russian money. (The total volume at the beginning of this year was approaching 4 trillion rubles).

Second purpose. To stabilize money circulation in Russia itself by reaching a firm accord with the countries of the ruble zone on a unified financial and credit policy. According to the leaders of the Central Bank of Russia, the differences in the budget, tax, price, and social policies of the states of the ruble zone have resulted in the ruble "weighing" differently in Russia, Kazakhstan, and Turkmenia. In the opinion of Arnold Vaylukov, deputy chairman of the Central Bank of Russia, there were just two options for a way out of the situation that had come about. Either to separate the money and credit systems and introduce national currencies or to reach agreement on unified rules of play. But "things have not yet gotten beyond statements and declarations."

Third purpose. To remove counterfeit bills from circulation, for the poorly protected old-style money bills were easily forgeable. In particular, there are presently 26 types of bills in existence on Russian territory, although in a normal situation there should be no more than seven. In individual parts of the country the quantity of forgeries confiscated in June 1993 approached 20 percent of the total amounts in circulation.

Fourth purpose. To hit at the mafia structures manipulating vast amounts of cash. For example, an ITAR-TASS correspondent reported from Vladivostok that thousands of foreign "shuttles" who came to sell their goods in local markets on Saturday and Sunday had ended up in a money trap.

So, we have somehow gotten to the bottom of the purposes of the monetary reform. But only time will show whether it will have the calculated effect.

Just one thing is clear at present: No well-intentioned purposes justify the means chosen to achieve them. In tackling global monetarist tasks, they have once again removed the "pawns"—ordinary citizens—from the financial "chess board," sending them off to stand in crazy lines. But you yourselves can read the opinion of ordinary people about the action by the Central Bank of Russia in the pages of today's issue of our newspaper.

Lenin is leaving us, disappearing from the money bills. But, in leaving, he has once again managed to slam the door loudly.

Article Views 'Political Idiocy'

PM2707101593 Moscow KRASNAYA ZVEZDA in Russian 27 Jul 93 p 1

[Observer Aleksandr Golts "Viewpoint": "Summer. Time for Vacations and Political Idiocy"]

[Text] Once again those who predicted the development of the situation in Russia on the basis of economic and political conditions have been put to shame. The time of year and the weather would be far more reliable indicators. The rainy summer is not only driving the ordinary man in the street crazy, it has also temporarily clouded the minds of our leaders, a situation that has been made worse by their desire to take decisive action of some kind. This is the initial impression one gets of the

measure designed to exchange bank notes issued between 1961 and 1992 which has been thought up by the Central Bank. The last time we had a rainy August tanks materialized in the streets of Moscow. Today rainy July has given rise to nighttime lines outside the savings banks.

But all joking aside. That fact is, the only other time I have ever seen my fellow citizens with such confused and angry faces was during those memorable days in August 1991. As was the case then, people in high office have decided our fate for us. As then, we have seen rolling eyes and trembling hands on our television screens. As then, we have heard indistinct mutterings about requests from working people, the necessity of state, and a desire to curb mafia structures. The only difference is that back then Russia was deprived of the right to decide how to live, whereas now its citizens are being deprived of the right to enjoy the results of their own labor.

It is no accident that most of the country's leading economists, despite their differences of opinion over financial policy, have immediately rejected the Central Bank's explanation. It is perfectly clear that the main purpose of this confiscation is not to get rid of the many and various denominations. Something else is afoot. Faced with a budget in which expenditure is twice as great as revenue, our national bankers were compelled to set the printing press rolling. With all the attendant consequences: rapid price rises, mutual nonpayments of enterprises, and ultimately hyperinflation. They have found the most unsuitable way of extricating themselves from this situation: Before starting to print the new money they are confiscating (and removing the population's money for a period of six months at the currently laughable interest rates is basically confiscation) the money that has already been given out to the population in the form of payment for labor done by it.

Moreover, this has been done in such a primitive and ruthless way that Pavlov's unforgettable reform looks like a purely cosmetic operation by comparison. Suffice it to recall that when the implementation of that reform was announced, it was at least accompanied by a more or less well-conceived procedure for replacing the denominations.

This time the simplest way of ensuring the secrecy of the upcoming operation was used: No preparations were made at all. The blow was inflicted suddenly, while the "enemy" was out of town, pottering around the dacha and the vegetable garden. By Monday morning it was all over: Old bills were no longer accepted at savings banks or in stores. However, nor were new 1993 denominations accepted. There was no change available in the stores.

And it cannot be said that the mafia structures will suffer as a result of the exchange. They will immediately find a way to change their money and profit from the general panic. Let us not forget that in recent months the Central Bank has simply been unable to distance itself from criminal-financial scandals. So the professional ethics of our bankers give black market operators all the opportunities they need to avoid losses.

Those who will suffer most are the wretched old folk who have saved up their multicolored bits of paper "for a rainy day." Those who got paid in old bills immediately beforehand will also suffer. They will have to find some way of scraping by until the next pay day. Those who have just set off on vacation are in for a fine time. I am not even going to mention people traveling on business.

Let us also ponder the interests of the state. It may be the case, though I remain unconvinced, that confiscating these rubles will solve certain tactical problems. But on the strategic level a heavy blow has been inflicted on our currency. Everybody understands the importance of simple trust in the monetary unit of a particular country. On 25 July this trust, which had been quietly restored during recent months, disappeared in an instant. Who will think of saving money now, when with one stroke of the pen these savings are turned into candy wrappers. Moreover, it is precisely the savings of the population that constitute the most important basis for financial regeneration.

Any entrepreneur will now regard it as his duty to transfer all income into hard currency and take it out of the country as quickly as possible, even at the risk of breaking the law.

Finally we should mention the political significance of what has happened. I cannot shake off the feeling that some people are rankled by the fact that the population is increasingly indifferent to the infighting among the authorities in Moscow. And so someone has decided to startle us out of our indifference. Could it be that they want to see us take to the streets? It is clear that this only suits the interests of extremist forces. Whatever the case, the Central Bank's latest decisions have shown how hastily and incoherently our fate is sometimes decided. And that these decisions are still made by indifferent people.

Yeltsin Has Cause for 'Drastic Actions'

MK2707093093 Moscow KOMMERSANT-DAILY in Russian 27 Jul 93 p 3

[Commentary by Valeriy Pogorelyy, KOMMERSANT-DAILY parliamentary correspondent, in "President Intervenes in Central Bank's Actions" column: "Russian Ruble Can Change Political Situation"]

[Text] Not a few events have occurred during the president's vacation but it was not until 25 July, when first reports started coming in about the reaction to the reform from the Russian public and the governments of the countries where the ruble is used as a currency, that Boris Yeltsin returned to Moscow. Already yesterday, without repealing the invalidation of the bank notes, which the president should in principle support as a leader who in his time assumed responsibility for the

monetarist strategy of Yegor Gaydar's reforms, Boris Yeltsin issued an edict alleviating the toughness of the procedure. Apparently the president will use the discontent with the reform to achieve certain political goals. The situation is analyzed by KOMMERSANT-DAILY's parliamentary correspondent Valeriy Pogorelyy.

Neither the Supreme Soviet's decree on the status of Sevastopol, nor the international response provoked by it, nor the deaths of Russian border guards on the Tajik-Afghan border, nor even the suspension of an edict on privatization, which Boris Yeltsin can consider to be one of the main causes of his life, forced the president to cut short his vacation. The Supreme Soviet's proposal to dismiss Viktor Yerin and Yuriy Luzhkov also could hardly have served as reason for serious concern. Boris Yeltsin was still in Valday when his press service already announced that the president would not make any decisions with respect to Internal Affairs Minister Viktor Yerin, while it was up to constituents to decide on Yuriy Luzhkov. Charges of corruption leveled against the president's closest associates Vladimir Shumeyko and Mikhail Poltoranin did not prevent him from going on vacation. Therefore it was apparently not this situation that caused his emergency return.

Boris Yeltsin's early return to Moscow should probably be seen in two aspects: the money reform and the recess of the majority of soviets for vacation. The former gives the president cause for drastic actions and the latter unties his hands.

The Supreme Soviet chairman, powerless to take any action without a parliamentary decision, appearing on TV yesterday said that the reform had not been coordinated with parliament, and placed responsibility for it on the government and the Central Bank. Ruslan Khasbulatov also stated that the Supreme Soviet could not support the methods and the time frame for the conduct of the reform, and, speaking on behalf of parliament, called for all restrictions on bank note exchange procedures to be abolished. According to him, unless that happened, a special Supreme Soviet session would be immediately summoned which would take corresponding measures, including the removal from office of persons guilty of "this action." It is clear, however, that the electorate, which does not care about the nuances of relationships in the upper echelons of power, has been expecting not promises but concrete steps.

Neither does the president have the power to adjust the money reform—this is the business of the Central Bank. In the meantime discontent with the lines in Sberbank's [national savings bank] offices and the confiscation of sums in excess of 35,000 rubles, as well as the announcement by a number of former Union republics of accelerated introduction of their own currency, gave Boris Yeltsin cause to overstep the limits of his powers, and yesterday he issued an edict adjusting the money withdrawal procedure.

Atop the wave of his renewed image of people's defender, the president should, logically, relying on the constitutional conference, break the stalemate in relations with the legislative branch. At the same time, in agreeing that the president has the right to exceed his powers in order to defend the civil rights and the money of the population, the voters should also accept that he has the right to take decisive actions with regard to those who are responsible "for all this." Boris Yeltsin could in the near term call parliamentary elections, put the new constitution or some of its sections into effect, and limit the powers of the soviets (obviously, with the exception of the republics' soviets).

Therefore, Viktor Gerashchenko after the referendum has given the president yet another chance to neutralize the deputy corps. But if the president does not use it, his political prospects would be called into serious doubt.

Yeltsin's 'Opposition' Planned Move

PM2707114593 Moscow KOMSOMOLSKAYA PRAVDA in Russian 27 Jul 93 p 1

["Our Comment" by Sergey Razin: "Did the Manager Do It Wrong so His Master Can Display Kindness?"]

[Text] It is still better to live in Russia than in America—it is more of a joke. Citizens go off for the weekend, someone dips into their pocket, and—hey presto!—it is empty. And it is all so elegantly done: The people are robbed in the interests of the people themselves...

The extent to which our fellow citizens have been successfully cheered up can be gleaned at any branch of the Savings Bank, where waiting lines began to form before it had even started to get light. There is no doubting that in the minds of Russians and CIS citizens the Central Bank has exploded a "financial Chernobyl." For what purpose?

The statistics tell the story of the economic insanity of the "Pavlov confiscation" of Russian money. At the time of the exchange there was around 6 trillion rubles [R] in cash circulating in Russia, of which only 250 billion was in old denominations. Furthermore, in the last three weeks, without any fuss—by gradually withdrawing money from circulation—the Central Bank had reduced the population's stocks of old-denomination cash by three-fourths and had rapidly reduced the proportion of these denominations to a mere 4 percent!

What is the economic point of stirring up the whole of Russia and the whole of the CIS over a few measly percent? In my view it is useless trying to find the answer to this question since the ruble has become the victim of political intrigues.

It has indeed been a highly diverting game. The Central Bank stages a manifest provocation but its collective boss—parliament—is completely in the dark about it although immediately beforehand chief banker V. Gerashchenko had spent virtually an entire week at the

White House sorting out the state budget. How could speaker Khasbulatov allow such disrespect to be shown toward himself?

And there is another puzzle. For some reason Gerashchenko, while pulling the wool over parliament's eyes, decided to agree his action with Premier Chernomyrdin. And, astoundingly, he found him completely sympathetic! By officially supporting the Central Bank's actions the government by its own hand fractured our manifest financial stabilization and set the entire population against it. Surely the premier, who is such an experienced and wily politicians who knows very well what happened to Pavlov's lamentable experiment, knew what he was being dragged into?

All the indications are that the action was preplanned by the antipresidential opposition with a view to discrediting their opponents. Obvious facts favor this version of events. The government is split: The supporters of a "policed economy" have already joined forces with parliament in erecting obstructions to privatization vouchers to spite the reformers and sacrificing Chubays' privatization to the sector lobbies. It was time to choose. And the premier, who hitherto had sided with the president, seems to be ready to cross openly to the other side of the barricades. By approving the detonation of the "financial bombshell," Chernomyrdin—wittingly or otherwise—has compromised in the eyes of the population not only the government, reformers included, but also Yeltsin, who personally presented the premier's nomination and, you would have thought, was bound to have learned from him in advance about the action being prepared by the bankers.

Against the backdrop of this confusion, the speaker of parliament, who went on television to castigate the robbery of the people, looks like a national hero who alone can be entrusted with the adoption of the new constitution or, at worst, could be elected to a leadership position sometime in the not too distant future. And quite possibly another cabinet could be sought to replace the present government, which has been shamed throughout Russia. Incidentally, the National Salvation Front is ready to form such a cabinet immediately.

All-Russia Economic Conference Previewed

PM2607120793 Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 93 First Edition pp 1, 3

[Interview with Anatoliy Milyukov, head of Russian Federation Supreme Soviet chairman's group of economic consultants, under the "All-Russia Economic Conference" rubric; place and date not given: "From 'Roundtable' to Congress of Accord"]

[Text] The All-Russia Economic Conference will open at the beginning of next week in Moscow. At least two factors make this an extraordinary event. First, the Supreme Soviet and the government are conducting it jointly, and second, this is the first statewide conference on what is the most burning issue for the country since Russia gained its sovereignty. Why has it only become possible today and which tasks are being put on the agenda? Anatoliy Milyukov, head of the Russian Federation Supreme Soviet chairman's group of economic consultants, answers these questions.

[Milyukov] About 1,000 people are gathering in Moscow—that is representatives of all regions, the Supreme Soviet, and the government; the science of economics will be very widely represented. Just recently it was possible to get together such a large number of people but it was impossible to get them to really get down to work and refrain from rallying. In recent years society has continually agonized over finding a reply to the question: Where are we going, what kind of economy are we actually going to build? There could not, of course, have been any constructive discussion of actual ways to extricate the economy from the crisis in these circumstances. However, several years of discussion and one and a half years of practical reforms have made many things clear. It is now possible to say that we have put behind us the period when we were simply unable to decide whether to do things one way or another.

[Kovalenko] Anatoliy Illarionovich, are you not generalizing too much? In the public conscience the turmoil and the power struggle have not subsided one little bit. Surely the summer vacation has not calmed the passions temporarily...

[Milyukov] On the surface of things, yes: The split, the confrontation, and the wild outbursts of emotion—all of these things do take place. But a process of consolidation has begun within. The people did not find out about the market by hearsay, but tried it first hand, and formed an idea of the actual kind of market they needed, and more important, could have in Russia of today. The majority became convinced that they could not go back. If this situation continues for several more months, the collapse not only of the economy but of the state will become irreversible.

This, you know, is a very convincing argument. And it has already had an effect. I have in mind the "roundtable" which has brought together representatives of the most diverse parties and movements, the representative and executive branches of power, and the center and the regions. I must in particular single out two resulting factors. First, there is the necessity for national accord. Incidentally, the document which the "roundtable" adopted is actually called "The Declaration of Nationwide Economic Accord." Second, there is a precise idea of the economy in pursuit of which the reforms were undertaken—a competitive, socially oriented, mixed economy, based on a multitude of forms of property and management.

[Kovalenko] But you must after all agree that these are again but words...

[Milyukov] There are words and words. The Supreme Soviet's persistent demands to recognize the building of a socially oriented economy as the reforms' aim, gave

grounds to several excessively zealous reformers to accuse the parliament of sliding toward the "red-browns." But today all participants of the "roundtable" have recognized this task, and at the foot of the declaration alongside the three Supreme Soviet deputy chairmen's signatures are those of four deputies of the government's chairman. Then it turns out that these are no longer just words but the rules for coordinated actions which have been adopted voluntarily, meaning that they should be observed. It is a different matter that the declaration should be now be fleshed out with specific measures. It is for this reason that the All-Russia Conference is being convened.

[Kovalenko] According to what principle are its participants being selected?

[Milyukov] We have not imposed any particular conditions. The Supreme Soviet and the government have sent out a joint telegram in which they have recommended holding zonal conferences and discussing basic problems at them. It is likely that delegates for Moscow will be elected in those places where they are held. You must assume that representatives from other regions will come, as they say, in accordance with official prerogative. I do not see any harm in this either. The same thing is hurting everybody to the same degree: financial and credit policy, structural and industrial, agrarian, social, regional, and foreign economic activities—as a matter of fact I have listed here the sections into to which the conference's participants should divide up. Its purpose and their main task is to produce coordinated decisions on these key issues. Taking into consideration, of course, our actual circumstances today.

[Kovalenko] Let us suppose that they succeed in this. Who will listen to them? If the presidential edicts are not carried out then the resolution of the conference—even if it as an all-Russia conference—is hardly likely to carry enough weight.

[Milyukov] There is an agreement that on 4 or 5 August there will be an enlarged session of the government presidi m, in which the people's deputies and the president's administration will take part and at which the conference's results will be discussed. I think that the government will have something to sum up and compare with its own predictions and experience, and I know that this kind of material exists at the Council of Ministers. The structures of the Supreme Soviet and the regions have also carried out a serious analysis. All these materials should form the basis of preparatory work for the Congress of People's Deputies, which will examine the progress of the economic reform and the ways in which the economy can develop. It is my view that there exist today absolutely viable conditions for it to be a congress of accord, unlike the previous ones.

[Kovalenko] I would very much like for everything to happen exactly as you say, but I cannot stop myself from having doubts. A compromise—and everything actually depends on this, beginning with the "roundtable"—is a very shaky and unreliable thing. Therefore, it is something which in the first place requires both sides to adhere to the agreements. It is not considered to be a disgrace here to break agreements immediately, even when they are sanctioned by an official document. But people do not change; will they begin to play by new rules which are unfamiliar to them? I will give just one example. Recently in this newspaper one of parliament's leaders described the present government's policy as an anti-people policy, and emphasized that it is only possible to change the policy together with those who are carrying it through. To be honest, I do not believe that in a couple of months' time its standpoint will change, and, consequently, that the congress of accord may become fact.

[Milyukov] You have touched on the most important of questions. In the first place the government is composed of different people, and it is, to say the least, not right to dump them all in the same basket. But even this is not what is most important. The trouble is that we all have, in accordance with our traditions, gotten used to judging our leaders at an emotional level—"believing or disbelieving them." And neither democracy nor the separation of powers nor the market economy can work using these criteria. What is necessary here is for the law to rule supreme with carefully stipulated conditions adopted by both sides. It is only possible to make claims within the framework of these conditions, but this is, above all, harmful. The All-Russia Conference will continue the work which the "roundtable" began, and, I hope, the Congress of People's Deputies will be none other than a place to formulate conditions for reforming the economy, which should be equally mandatory for the Supreme Soviet, the government, the regions, and all officials in the Russian Federation. My optimism is based on the fact that society has developed an understanding of the aims and the mechanisms for achieving them, and there is consequently an opportunity to formulate completely viable demands for the activities of all state organs in carrying out the economic reform. Only in this case is it possible to form a government not according to the principle "we don't like Gaydar, but Chernomyrdin is all right," but by assigning it specific tasks. For which, incidentally, it is necessary to ask not as the occasion arises, but in fact every day. All the same the other options will force us to inexorably slide toward a totalitarian regime. So there is no way out. As a rule, common sense wins the day in situations from which there is no way out.

Opens in Moscow

LD2707075393 Moscow ITAR-TASS in English 0651 GMT 27 Jul 93

[By ITAR-TASS correspondent Ivan Novikov]

[Text] Moscow July 27 TASS—A long-prepared all-Russia economic conference opened in the parliament centre of the Russian Federation in Moscow today. The conference brings together the leaders of the parliament

and representatives of the legislative and executive branches of power from every region of the Russian Federation.

The two-day conference is expected to sum up proposals for pulling the country out of the ongoing deep crisis and work out recommendations for changes in the reform policy and methods of its implementation.

People's deputies, chiefs of economic agencies, leading scientists and economic managers, representatives of regional organizations, political parties and movements are attending the conference and participating in discussions at plenary meetings and in panels.

Panel discussions deal with aspects of the monetary, finacial, taxation, budgetary, industrial, agrarian, foreign and regional economic policies, the state of affairs in social welfare development, and problems of new economic entities.

Parliament Chairman Ruslan Khasbulatov spoke at the opening of the conference.

Khasbulatov Against Bank Decision

LD2707085193 Moscow ITAR-TASS World Service in Russian 0745 GMT 27 Jul 93

[By ITAR-TASS correspondent Ivan Novikov]

[Text] Moscow, 27 Jul—Ruslan Khasbulatov, chairman of the Russian Federation Supreme Soviet, is insisting that the decision of the Central Bank of Russia on the withdrawal of bank notes be rescinded. Addressing the All-Russian Economic Conference in Moscow today, he emphasized that this needed to be done today. The parliamentary speaker said that in the present difficult socio-economic and political situation the Central Bank's action was once again aggravating the situation in the country. Ruslan Khasbulatov contended that this financial measure was "a hasty attempt to push certain countries out of the ruble zone."

Khasbulatov Urges 'Constructive Cooperation'

LD2707093093 Moscow ITAR-TASS World Service in Russian 0829 GMT 27 Jul 93

[By ITAR-TASS correspondent Ivan Novikov]

[Text] Moscow, 27 Jul—Russian Supreme Soviet Chairman Ruslan Khasbulatov, who delivered a report to the all-Russian economic conference in Moscow today, called for constructive cooperation between parliament, the president, and the government. "Society can reach a compromise," the parliamentary speaker stressed. "We should lead society away from the path of war," he added.

Speaking of ways to improve the economy, Khasbulatov noted the importance of preventing a further drop in production. The strengthening of the agrarian sector of the economy is among the most important measures which, in the opinion of the Supreme Soviet chairman, should be implemented. Khasbulatov called upon the government to speed up the development of small enterprise and also of the consumer sector. He called the development of the state sector of the economy and ensuring that domestic production has priority "a central element" of the reforms.

Touching upon the question of guaranteeing the reforms, the Supreme Soviet chairman said that during the work of the last, the sixth, session of parliament alone, over 120 legislative acts connected directly with economic transformations were adopted. He noted that three-quarters of them had been drawn up in parliamentary committees and commissions. Khasbulatov drew attention to the fact that the government had failed to present to the Supreme Soviet a substantial part of the draft laws expected from it.

Khasbulatov Cited on 'Sore Points'

LD2707141093 Moscow Russian Television Network in Russian 1000 GMT 27 Jul 93

[From the "Vesti" newscast]

[Text] [Announcer] Supreme Soviet Chairman Ruslan Khasbulatov was the first speaker at the all-Russian economic conference. He (?highlighted) the sore points of the Russian economy—the slump in output, insolvency, and inadequate social protection for the workers. Without going into details, Khasbulatov suggested these could be countered and recommended doing the opposite of what the government was doing; there are documents which might be of help.

[Begin recording] [Khasbulatov] The papers given out to you include the assessment made by the chairman of the Supreme Soviet on the progress of economic reform in Russia in 1992 and 1993 in a separate pamphlet.

[Unidentified correspondent] Calls for consolidation alternated with accusations against the government of pure monetarism, and the activity of the Finance Ministry—in the opinion of the speaker—needs the intervention of two others, the Ministry of Internal Affairs and the Ministry of Security. Khasbulatov said that the work of the conference should prepare the ground for a congress on economic problems and gave the assurance:

[Khasbulatov] Then the situation might look up a bit. We are not that easily intimidated. I think we have proved that. And we will put it in order nonetheless.

[Correspondent] Central Bank Chairman Gerashchenko briefly spoke about the work of the past six months. He stressed that throughout that time the bank had, as far as it could, increased the rate on the new notes and coinage and had been sending the old money to the new countries which were formerly the USSR. However, it was coming back from there in large amounts. Therefore D-day, 24 July, had been inevitable. Gerashchenko admitted that the exchange ceiling of 35,000 rubles was insufficient,

although in his view the president's decree increasing this to 100,000 rubles and extending the exchange period was superfluous: an instruction would have sufficed. [end recording]

[Announcer] The conference was also addressed by Vice President Rutskoy. He spoke extremely emotionally, saying that we could not go on living like this and expressing apprehension that Russia could become a raw-materials appendage not even to the developed countries, but to the Third World.

Khasbulatov, Rutskoy Cited

LD2707122693

[Editorial report] Moscow Radio Rossii Network in Russian at 1000 GMT on 27 July broadcasts a 4-minute report on today's work of the All-Russia Economic Conference. Correspondent Regina Lukashina reports that its main task, in the opinion of chairman of the Russian Federation Supreme Soviet, is "to take Russia's economic problems out of lecture halls to a business-like discussion."

Ruslan Khasbulatov says, in a voice recording from the conference, that it is necessary to do this because: "Following the April referendum, which gave nothing to the peoples of the country, the executive power has given priority, unfortunately, to the idea of preparation and forced adoption of a new constitution. Deputies' attempts to somehow protect the interests of the population and of the base industries of the national economy are very often represented as populism."

The correspondent goes on to say that the Supreme Soviet was forced, in the words of Khasbulatov, to deal with the economy. Khasbulatov says: "At its last session, the Supreme Soviet instructed the General Procuracy, the Interior Ministry, and Security Ministry to look into the work of the Finance Ministry, which fails to observe Russian Federation laws. Referring to its commitments to the IMF, the Finance Ministry is prepared to ruin the country."

The correspondent notes that Khasbulatov next spoke about poor nutrition and its effect on families and on the society in general. Khasbulatov says: "Being deprived of many moral guidelines, a significant part of the society is in a state of degradation and decay. Crime and corruption are up. The state is losing the efficiency of its protective mechanisms."

Khasbulatov then goes on to discuss the latest decisions on privatization by the Supreme Soviet. He says: "The structures of major associations, the most technologically advanced modern stores and branches are simply being rooted out under the guise of privatization. As a result, all these enterprises are practically doomed. Of course, we should carry out some serious work here with regard to regulating the privatization process. Any attempts by the parliament to embark on a discussion of a program for privatization, as the law demands, or to regulate it causes some kind of hysteria among some. This does not mean at all that the parliament will abandon its policy aimed at sorting out the economy. The situation should not be whipped up. We are not that easily scared by such things."

Nikolay Agayants, the announcer on Radio Rossii's program of information and analysis, continues the report by saying that Vice President Aleksandr Rutskoy also spoke at the conference.

Rutskoy says, in a voice recording from the conference: "We have a political force in the country that has completely destroyed the country's economy, namely Democratic Russia. It strictly forbade the government to take part in this conference. Democratic Russia issued a statement in which the political council of Democratic Russia expressed its negative attitude toward the government taking part in the all-Russian economic conference."

Economic Forecast 'Depressing'

LD2707121493 Moscow Russian Television Network in Russian 1000 GMT 27 Jul 93

[From the "Vesti" newscast]

[Text] An All-Russian Economic Conference has opened in Moscow. Taking part in the conference are the head of the Supreme Soviet, 900 people's deputies, and 320 representatives of the legislative and executive authorities from virtually all regions of Russia. In addition to delegations from the CIS countries and members of the Russian Federation—oblasts, krays, and autonomous areas—there are also members of the Supreme Economic Council, representatives of the academic and business worlds and various parties and movements. The aim of the forum, as stressed by Yuriy Voronin, first deputy chairman of the Supreme Soviet, when opening the conference, is to map out constructive ways of getting the country out of crisis and to draw up a competent program of economic reform. It is thought that this will not be just an exchange of views, but serious work. In particular, tomorrow the conference will be divided into sections so that a document can ultimately be adopted, perhaps in the form of a joint declaration that will be designed to move toward significant adjustments to the further implementation of reforms.

The forecast made by Leonid Abalkin, director of the Institute of the Economy of the Russian Academy of Sciences, who warned those taking part against making superficial assessments, was depressing: a slump in output and inflation are now virtually unstoppable. In Abalkin's view, all of 1993 was now lost for the economy. The issue is how not to lose 1994.

The report from Ruslan Khasbulatov, chairman of the Supreme Soviet, sounded extremely tough. The most important task, as the speaker put it, is the economy and the constitutional sensation has distracted the people

and, most importantly, the government from the economic problems that are vitally important for society.

Bank Chairman Interviewed

LD2707113593 Moscow ITAR-TASS World Service in Russian 1014 GMT 27 Jul 93

[Report by ITAR-TASS correspondent Igor Galkin]

[Text] Moscow, 27 Jul—"The exchange of old-style bank notes was necessary, first of all, because huge sums of money were returning to Russia from CIS countries as payments for Russian goods," said Viktor Gerashchenko, the chairman of the Central Bank, when speaking at the all-Russian economic conference today.

In particular, he reported that the withdrawal from circulation of old-style bank notes and their replacement with new ones has been going on continuously on the territory of Russia for a long time. Nevertheless, old-style bank notes are returning to Russia from CIS countries. To a great extent, this can be explained by the fact that there was no single monetary-credit policy between Russia and these countries backed up by legislation. All this has forced the Russian Central Bank to begin to replace old-style bank notes.

Viktor Gerashchenko admitted that the bank had exceeded its powers when it restricted the exchange to a mere 35,000 rubles per person getting agreement from the country's supreme leadership. He explained that the bank was proceeding from a specific calculation, according to which in circulation there are about 12,000 to 15,000 rubles per Russian citizen. The Central Bank leader believes that the money-exchange operation caused certain inconveniences for the population.

Incidentally, he stated that leaders of some CIS countries have already agreed to the need for certain legislative changes in their countries in order to adjust more actively their monetary-credit policy with Russia.

Future Moves of Ruble-Dollar Exchange Rate Viewed

PM2607135193 Moscow KOMSOMOLSKAYA PRAVDA in Russian 24 Jul 93 Supplement p 1

["Currency Review by 'Mobile' Analysis Group" prepared by Sergey Yevdokimov and Sergey Razin from "Biznes-Kontakt" supplement: "Is the Dollar Preparing To Leap?"]

[Text] Why has the dollar gotten cheaper? The cold summer of 1993 has set the original Russian economy a financial paradox unknown to the world—the depreciation of national money on the domestic market against growth in its currency exchange rate. The growth in consumer prices in June stood at approximately 20 percent, and the dollar proved to be virtually the only commodity getting cheaper.

Some economists consider this process natural and progressive. The fall in the dollar's purchasing power, occasioned not so much by the rise in the ruble exchange rate as by the rapid rise in prices on the domestic market, is a phenomenon that has long been brewing. According to specialists' estimates, the ruble-dollar commodity exchange rate stands at 150 rubles [R] to the dollar for oil, R180 for petroleum products, R180 for steel pipes, and R80-120 for machine-building output. In the opinion of other experts, however, the situation on the June currency market was determined to a considerable degree by an adroit maneuver by the Central Bank.

Instruction No. 15, adopted by the Central Bank of the Russian Federation at the end of May, provides for a limit on the difference between bought and sold foreign currency. This instruction hits at speculative activity by banks, particularly by small and medium ones. The prospect of losing their currency license has made many of them switch from being active buyers of currency to sellers, leading to a considerable release of currency onto the market and a fall in demand.

At the same time the growth in the ruble rate has also been influenced by a seasonal factor connected with totaling up the latest quarterly balance.

The increase in the supply of currency was also caused by sales by many foreign trade organizations.

According to certain data, the Ministry of Finance has also sold dollars so as to pay the rubles purchased to miners within the framework of a wages agreement.

In trading on the Moscow Interbank Currency Exchange, starting 10 June, it was the aggregate effect of these factors that caused the supply to exceed the demand at a stable rate, while supply was getting close to double the demand in the trading on 18 and 25 June.

This is not a lasting state, however, and seasonal factors are ceasing to have an effect. This is indicated, in particular, by the recent substantial growth in the volume of trading on the Moscow Interbank Currency Exchange ($90.66 million was sold 14 July, which is very close to the record sales of $92.5 million on 2 March). The same thing is also confirmed by an analysis of macroeconomic factors influencing the ruble's exchange rate. What kind of factors are they?

The country's trade balance. It follows from the balance for 1992, published by the Central Bank and the Russian State Committee for Statistics, that 40 percent of trade with the West consisted of barter operations and currency did not come into the treasury. Although exports exceeded imports by $7 billion in 1992, in practice the trade balance makes a loss for us. Russia gets into debt because of the flight of capital.

Foreign credits of $12.7 billion went into centralized purchases of imports—"to be eaten." According to documents of the Central Bank and the State Committee for Statistics, growth in the assets of Russian commercial

banks abroad constituted a legal leak of capital in the sum of $4.1 billion. The overtly illegal leak also includes $4.6 billion in export proceeds which state and private enterprises have left abroad "out of harm's way." With the lowering of export prices and the raising of import prices, the state budget lost $6.4 billion. If you add, according to customs experts, undisclosed contraband worth approximately $2 billion, you get a loss of $17 billion.

Russia's aid to other countries. In his concluding speech at the 30 June Washington session of the IMF Board of Directors, which discussed the allocation of a credit of $3 billion to Russia, Konstantin Kagalovskiy, the IMF's Russian director, read out a document reflecting the volumes of foreign aid given by the G-7 countries and Russia to "third-world" countries over the past year. In terms of volume Russia matched the United States and Germany put together: Russia allocated $17 billion, which is 21.1 percent of its GDP; the United States allocated $9.91 billion (0.17 percent of its GDP); Germany allocated $7.6 billion (0.39 percent of its GDP). There is no need to comment.

How did the printing presses work? The ruble supply increased 23 percent in April compared with 10 percent in February and 17 percent in March 1993. If the pledges adopted by the government and the Central Bank in their joint statement are fulfilled, it is possible to expect a reduction in the rate of increase of money supply to 7-10 percent toward the end of the year. The Central Bank's raising of refinancing rates is apparently meant to lead to a reduction in the volumes of credits and an increase in the scarcity of ruble funds. But the government's calculations might not be vindicated.

The preceding years have cranked the "flywheel" of inflation of demand. The rate of inflation, which exceeds the rate of growth of interest rates many times over, makes loans relatively safe. No one is afraid anymore to take a credit at a high interest rate. All additional costs are at once included in the prices. Already at the end of last year the growth of rates was not leading to a reduction in volumes of credit.

In addition, the mechanism for limiting the ruble supply, which is being erected by the government, is being "undermined" by the Supreme Soviet. According to the latter's decision, minimum salaries and pensions are being doubled as of 1 July—which will inevitably entail an "explosion" of cash emission.

The Constitutional Court does not remain aloof either: On 1 June it recognized the legitimacy of the law and decrees on indexing the population's deposits. In the opinion of experts, the Russian Government will soon have to pay out considerable sums (of the order of R1 trillion) to citizens who have won such legal actions in the courts.

Volumes of currency on the domestic market. The Central Bank's decision on the sale of export revenues is to help to increase the supply of currency on Russian currency markets. As of 1 July, exporters are exempt from the compulsory selling of 30 percent of currency to the Central Bank's reserve. Henceforth 50 percent of the export revenues that are subject to compulsory sale must be realized on the domestic exchange market. In the opinion of observers, however, there will be no appreciable changes on the currency market in the very near future in connection with the adoption of this decision.

Probably only some growth in the volumes of sales on regional currency exchanges is possible. At the same time nothing is preventing the same Central Bank from actively buying up on the exchanges the very currency which previously simply went into its reserve. Account should also be taken of the current fall in production in all export sectors and primarily in the oil sector (production was halved in 1992 compared with 1991), which provides approximately one-half of all proceeds in hard currency.

The most real source of currency will evidently be the first helping of credits from the IMF in the sum of $1.5 billion—which will make it possible to sell an additional $150 million a week on the currency exchanges over three or four months. True, the IMF dollars will not suffice for long. But credits are on their way from the European Bank for Reconstruction and Development, with their total volume for trade and investment purposes estimated at $3.95 billion. Credits would be good for everyone if they did not have to be repaid. Therefore this measure will inevitably have a destabilizing effect on the ruble's rate in the future.

Inflation. The growing wave of inflation threatens suddenly to topple the ruble from the positions it is maintaining. In late June and early July the rate of growth in prices once again increased to a monthly equivalent of 22 percent. The freeing of coal prices (Yeltsin's edict of 21 June), the raising of grain purchase prices, the final freeing of oil prices, the 17-fold increase of electricity prices—all this could have most dramatic consequences for the economy.

In addition, the enterprises' shortage of money occasioned by the growth in the rates of centralized credits is prompting them to pursue an aggressive price policy (particularly enterprises with a monopoly). As a result, the government's rigidly monetarist policy aimed at curbing inflation could have the reverse effect.

The aforementioned macroeconomic factors not only do not explain the dollar's falling summer rate on the Moscow Interbank Currency Exchange but also inspire sufficient skepticism as to the duration of this state.

It is possible to count among the future factors curbing the ruble's fall only the credit being obtained from the IMF, the emergence on the stock market of other high-income assets (the pace of growth in the rate for privatization checks, certain shares, and so on), and the considerable currency reserves of the Central Bank, which has actively replenished them all this time. If, despite inflation, the dollar rate can be maintained for a

sufficiently long time, the possibility of the mass replacement of the aim of enterprise leaders and the population of investing in currency as a reliable means of protection against inflation cannot be ruled out.

Concept for De-Monopolization of Economy Set Out

LD2607190293 Moscow ECONOMIC NEWS AGENCY in Russian 1500 GMT 26 Jul 93

[Text] The concept behind the state program for de-monopolization of the Russian economy was approved at a session of the board of the State Committee for Anti-Monopoly Policy. The concept sets the aims of de-monopolization for 1993-1994 and the prospects for the near future, which are the following:

—Setting right the system of regulating the activities of monopoly enterprises, determining the spheres of natural and allowed monopoly, and setting up a system to control and regulate the activities of the enterprises ascribed to this sphere;

—The creation of the legal, economic, and organizational conditions for the emergence and development of the level of competition between economic entities not in the sphere of natural and allowed monopoly that is needed if the market is to play a regulating role; and

—legislative protection of the competitive environment and economic entities from monopolistic activity.

Military & Space Issues

Grachev Issues Navy Day 'Order of the Day'

PM2607101993 Moscow KRASNAYA ZVEZDA in Russian 24 Jul 93 p 1

[Russian Federation Defense Minister Order of the Day No. 363, dated Moscow, 24 July 1993]

[Text] Comrade sailors, veterans of the Navy, shipbuilders, ship repair workers, and defense industry workers!

Navy Day is being celebrated in the Russian Federation on 25 July 1993.

The history of the Navy is one of selfless service to the fatherland. Ever since the creation of the Russian Fleet, the heroic traditions of loyalty to military duty, valor, courage and resilience, combat skill, and indomitable comradeship have been handed down from generation to generation of sailors. These traditions were augmented in the Great Patriotic War battles.

The Navy plays an important role in preserving military-strategic parity and, as part of the Russian Federation Armed Forces, serves as a reliable bastion of the freedom and independence of Russia and an influential factor for preventing war and ensuring international stability, security, and peace.

Sailors, like the servicemen of other branches of the Russian Federation Armed Forces, are performing their constitutional duty with honor. In the complex conditions of the crucial stage of transformations that the country is going through and the implementation of the practical measures of military reform, they are persistently improving their military skill and keeping vigilant combat watch over the vast expanses of the world oceans. By the selfless labor of personnel, ship builders, ship repairers, and workers in the defense industry the combat readiness of the Navy is constantly being maintained at the proper level.

I greet personnel and veterans of the Navy and workers in the ship building, ship repair, and defense industries and congratulate you on this holiday. I wish you good health and happiness and success in service and labor for the good of the fatherland.

In commemoration of Navy Day

I ORDER:

That a festive firework display be held 25 July 1993 at 2200 hours local time, in the hero-city of Moscow, the capital of our motherland, in the hero-cities of St. Petersburg, Volgograd, Novorossiysk, Tula, Smolensk, Murmansk, and in the fleets and flotillas.

I express the confidence that Navy men will worthily continue their heroic traditions and honorably fulfill their sacred duty to protect our fatherland—the Russian Federation.

[Signed] Army General P. Grachev, defense minister of the Russian Federation

Navy Commander in Chief Interviewed

PM2607103393 Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 93 First Edition p 1

[Telephone interview with Admiral F. Gromov, commander in chief of Russian Navy, by Captain First Rank Vyacheslav Kocherov; place and date not given: "Bon Voyage"]

[Text] The day before the military seamen's holiday we telephoned Admiral Feliks Nikolayevich Gromov, commander in chief of the Russian Navy:

[Kocherov] Feliks Nikolayevich, we know that there are many shortages in the fleets today and that military seamen's lives are not easy: There are problems with fuel, ship repairs, and salvage of old ships. In this connection, by analogy with the well-known events in Tajikistan, the following question arises: Are Russia's maritime borders reliably defended?

[Gromov] I can say with firm conviction that Russia's Navy is performing all its tasks of defending our state's national interests at sea. And no one should be in any doubt about this.

On Navy Day The ROSSIYSKAYA GAZETA editorial office congratulates everyone who is at sea, everyone who once wore a sailor's cap or jacket, but have kept forever their sailor's T-shirt with its smell of the sea. Bon voyage, dear friends!

Gromov on Fleet Structure

LD2507182993 Moscow Radio Moscow World Service in English 1710 GMT 25 Jul 93

[Text] In 1966 [as heard] Russia's Navy will be 300 years old. Navy Day is traditionally celebrated on the last Sunday of July. Russian Navy Commander Admiral Feliks Gromov gave an interview to Radio Moscow correspondent Valeriy Platonov. At present the Navy, like the rest of the armed forces is facing difficulties caused by financial squeeze but in time, things in the economy will stabilize. So what does Commander Admiral Feliks Gromov think about the Russian Navy, what will it have achieved by its tricentennial?

[Begin Gromov recording, fading to announcer-read report in English] He said that these are difficulties connected with economic reforms, cuts in budget allocations for the Navy's development, for instance, and of course we realize that we can no longer afford the former Soviet-size Navy. We are reducing the number of ships, personnel and bringing the Navy to the limits fixed by the law, which stipulates that the strength of the armed forces should not exceed one percent of Russia's population.

By Navy Day in 1996 we must have preserved the backbone of the fighting strength, put into service a number of new ships and created a combat fleet, a fleet that won't be a burden for the nation. I think we'll manage it. Hope has it that our economy will pass a critical line. I'm an optimist. The Russian people haven't made any headway for a long time. Things should change. [end recording]

Our correspondent Valeriy Platonov then asked Commander Admiral Feliks Gromov how the ships' structure of the fleet will change.

[Begin Gromov recording, fading to announcer-read report in English] We must have ships capable of carrying out tasks in any region and that are able to execute any order by the commander in chief. We must also be ready for joint operations, say under a UN decision. I think this must be a well-balanced fleet, comprising ocean liners, a sufficient number of submarines, a good anti-aircraft covering, as well naval aviation, coastal action ships and coastal guards, said Commander Admiral Feliks Gromov. [end recording]

The danger of a global nuclear war has disappeared, but in some regions of the world, tension remains. Does it show on the Navy?

[Begin Gromov recording, fading to announcer-read report in English] We've enough examples of missing or captured vessels, shipping or transporting cargoes off the African coasts and in the Pacific as well. There can always be a need for our Navy's help. [end recording]

And that was an English transcript of an interview made by our corrrespondent Valeriy Platonov with Admiral Feliks Gromov, who is the commander in chief of the Russian Navy.

'No Problem' for Submarine Fleet

LD2507215993 Moscow Ostankino Television First Channel Network in Russian 2000 GMT 25 Jul 93

[From the "Novosti" newscast]

[Text] [Announcer] New signs are appearing in the Army. For instance, if politicians remember it, that means that clouds are gathering on the Russian political horizon. But so far it seems that everything is OK. One could guess this today in connection with the absence of representatives of the Russian authorities at the Navy's anniversary celebrations. But it is from the Navy alone that the great sea power originated. The sailors on their own, so to speak—but before a great crowd of people—organized beautiful water sports festivities at the Khimki reservoir. First Deputy Minister of Defense Andrey Kokoshin was present. He said:

[Begin Kokoshin recording] In Russia we always had a special attitude toward the Navy, and I hope we'll retain it in the future. [end recording]

Touching upon recent rumors concerning the building of the submarine fleet, Admiral Gromov informed journalists that in accordance with the president's decree, all work on the creation of this fleet will be concentrated at Severodvinsk, on the basis of a unified Russian center.

[Begin recording] [Gromov] Taking into account the defense doctrine, and taking into account the fact that at present we have no specific probable enemies, whatever will be built at this center will be sufficient for us, if only there is normal funding for this building work.

[Unidentified correspondent] So you believe that it is no problem to build the nuclear submarine fleet?

[Gromov] It is no problem. [end recording]

Grachev Denies Rumors on Servicemen's Status Changes

LD2307205693 Moscow Mayak Radio Network in Russian 1830 GMT 23 Jul 93

[Report by Vadim Solovyev from the Slavyanka program]

[Text] Persistent rumors that a review of several articles of the law on the status of servicemen is in preparation have been circulating recently. It is alleged that there are plans to remove the articles relating to the social protection of servicemen and their relatives. Literally a few hours ago, we telephoned the Russian defense minister, and here is what Armv General Pavel Grachev said on this subject:

[Begin Grachev recording] These rumors originated principally at a working conference in the Finance Ministry, where the leaders of the finance ministry allegedly proposed that these matters be submitted for consideration by the Supreme Soviet. This was then turned into yet another political row concerning the armed forces, as has always happened recently.

Because these rumors were circulating, I prepared an appeal to the Supreme Soviet on the impermissibility of amending a single article concerning the status of servicemen. The Supreme Soviet received my appeal with satisfaction, and there were no questions after my appeal. Moreover, a representative of the Finance Ministry declared that they have not even thought of having these issues considered in the Supreme Soviet.

Our Armed Forces personnel know there will be no changes to the law on their status, because a directive signed by me has been sent to the forces and all armed forces personnel have been acquainted with this directive.

As for the continuing circulation of these rumors and the allegation that social tension is now developing in certain units, I would like to stress again that this is yet another canard and yet another attempt to compromise Russia's leadership and the leadership of the Defense Ministry and to create a certain tension among military personnel. [end recording]

[Solovyev] That was an explanation by Army General Pavel Grachev, the Russian defense minister.

Kokoshin on Plans for Military Industry

PM2307151393 Moscow ROSSIYSKIYE VESTI in Russian 23 Jul 93 p 2

[Interview with Andrey Kokoshin, Russian first deputy defense minister, by Nikolay Gorokhov; place and date not given: "Bearing the Inscription 'Defense Order'"]

[Text] The Russian defense industry is the most significant part of Russia's industrial potential. The successful development of the country's entire economy depends directly on its stability. To achieve that stabilization Russian Defense Ministry experts have drafted a new concept for the formation of defense orders at enterprises of the military-industrial complex. Its key provisions form the theme of Nikolay Gorokhov's conversation with Russian First Deputy Defense Minister Andrey Kokoshin.

[Kokoshin] First I should like to note that the elaboration of this concept is based on analysis of the dynamics of the development of the military-industrial complex and the prospects for its reorganization in the light of Russia's financial and economic system. We tried to define long-term guidelines on the basis of realistic assessments of Russia's industrial potential and analysis of the world arms market and the positions of our rivals and potential partners.

[Gorokhov] Could you name some of the key features of this new concept which really influence the development of the defense complex.

[Kokoshin] First we have identified a certain group of base enterprises which in all circumstances must form the backbone of the defense complex. It is well known that budget appropriations for the sector have been significantly reduced (to 68 percent last year). So the Defense Ministry has distributed the available finances in the light of certain priorities. In particular, appropriations for the development of the strategic nuclear forces, intelligence facilities, and certain areas of electronics have been left at quite a high level. Although I have to admit that the previous level of funding could not be maintained anywhere.

Previously the production of many types of arms was scattered across the country. This was done for various reasons, including in the light of the concept of maintaining industrial stability in the event of war. But today we can no longer permit ourselves such a luxury and thus orders are concentrated in the major production complexes.

In addition, we have an interest in ensuring that defense enterprises which produce arms and combat hardware also have good orders from civilian departments. By "good" I mean above all the technological level, which must be no lower than is necessary for the manufacture of modern types of weapons.

We also identify the production units which have major technological expertise enabling them to compete successfully in the world market. One of the Defense Ministry's set tasks is to finally secure a worthy place in the world hierarchy of producers of high-technology products. This means first of all the aviation and space rocket sectors. In the past the commercial development of these production units in which colossal budget resources were invested was not explored. But the potential, in my view, is very great here.

The Defense Ministry is concentrating defense orders and money on scientific research work at enterprises capable not only of producing good output today but also of creating the scientific and technical potential for the achievement of success in the future.

The Defense Ministry is the single general client for arms and military hardware for enterprises in the defense complex. The transformations that are taking place must

ultimately lead to the creation of diversified independently developing companies in the form of major financial and industrial groups which will form their relations with state clients on a contractual basis.

[Gorokhov] Does the Defense Ministry have sufficient budget appropriations to give financial support to promising enterprises and sectors? Is it not possible to use the revenue from arms sales for that purpose?

[Kokoshin] There is a shortage of budget resources, of course. As for arms exports, Russian industry has very great potential for producing high-quality weapons. However, our positions in the world arms markets cannot be considered strong for a whole series of reasons.

It has to be acknowledged that the traditional arms markets, which we have now lost, were to a considerable extent not real markets. The country supplied weapons abroad often effectively free of charge and in vast quantities. That was the case with Ethiopia, for example, where whole division complexes were supplied and lost in just a few days. Russia is owed colossal amounts of money by Syria and Algeria. The problem of settlements with them has still not been resolved, and this is a major obstacle not just to the conclusion of new contracts but also to the supply of spares for equipment sold earlier.

It must also be remembered that an enormous quantity of Russian arms was supplied almost free of charge to the Warsaw Pact countries. Russia is now continuing to produce the latest combat hardware and is ready to export it, but on advantageous terms. The priority, of course, remains the supply of the latest types of effective weapons to the Russian Armed Forces.

[Gorokhov] Officials in their speeches have repeatedly mentioned the figure of "$10 billion" which the country is supposed to have made in 1990 from the sale of arms, although revenue has now diminished considerably. Is this so?

[Kokoshin] The calculations of Defense Ministry specialists show that in fact the maximum receipts from the sale of arms were around $2.7 billion in that year, and Russia's revenue is at virtually the same level today. Our main task now is to enter the market in those regions where there is effective demand for these weapons. That means the Persian Gulf and Southeast Asia. But the market there is very fierce—there is a struggle going on among arms exporters which is not always purely commercial in character.

At the recent fair in Abu Dhabi Russia showed that its equipment is not inferior to its foreign counterparts and in many respects is better. But it is a long way from a demonstration of potential to a commercial sale. Nevertheless, there are prospects, although in my view we should talk about them with very cautious optimism.

[Gorokhov] In that case do you think that Russia will be able to maintain its positions in arms sales at the present level?

[Kokoshin] I think that we will even be able to strengthen our position in this market if we act in an organized way.

[Gorokhov] How worried are you, Andrey Afanasyevich, by the forthcoming privatization and flotation of defense enterprises? Will this process follow the same rules as for conventional industry? Will foreign investments in the defense complex be possible?

[Kokoshin] The flotation of defense enterprises must proceed in the light of their specific characteristics, of course. These enterprises will probably retain certain obligations toward the state because the level of the country's defense capability will depend on this. It is a question of preserving capacities necessary for arms production, and also of special terms of access for foreign capital to enterprises in the military-industrial complex.

There are undoubtedly production units where foreign capital cannot be allowed in the foreseeable future. I am talking primarily about plants manufacturing munitions and also everything connected with military rocket building and combat control and support systems. The Defense Ministry has a list of such enterprises which is being clarified right now.

In addition, I should like to note that the euphoria in the country over flotation and the consequent achievement of rapid results has passed. A new phase is now beginning when both collectives and leaders of enterprises are thinking seriously about whether it is necessary to hurry over flotation. Increasingly often we are coming across examples in which enterprises are inclined to remain state-owned but to act according to the laws of the market. They prefer to produce both civilian and defense output. Meanwhile they are not averse to receiving a few more defense orders—the Defense Ministry's orders have begun to be far more highly prized because in free market conditions they represent an additional and very important factor for stability. They provide a basis for development for years to come.

General Reviews Army's Fuel Supply Problems

PM2607142793 Moscow KRASNAYA ZVEZDA in Russian 24 Jul 93 p 2

[Interview with Major General Pavel Gorupay, chief of the Defense Ministry Central Directorate for Rocket and Other Fuel, by Petr Altunin; place and date not given: "The Armed Forces 'Gas Station' Is Issuing Fuel but Is Rationing It"]

[Text] KRASNAYA ZVEZDA has already written a lot about the complex fuel supply situation in the troops and Naval forces. What is the situation like today? Has it been rectified or is it continuing to worsen? It was with those questions that our correspondent began his conversation with Major General Pavel Gorupay, chief of the Russian Federation Defense Ministry Central Directorate for Rocket and Other Fuel.

Here is an extract from KRASNAYA ZVEZDA's file: Pavel Ivanovich Gorupay was born in 1950 in the village of Loymola in the Karelian Autonomous Soviet Socialist Republic's Suoyarvskiy Rayon. In 1970 he graduated from the Ulyanovsk Higher Military Technical College, in 1977 from the Military Academy of Rear Services and Transport, and in 1992 from the Military Academy of the General Staff. He held the posts of service chief of a fuel unit and a combined unit and deputy commander for rear services of a combined unit and an army. In December 1992 he became chief of the Defense Ministry Central Directorate for Rocket and Other Fuel.

[Gorupay] The fuel situation in the Army is directly dependent on the state of the country's fuel and energy complex and, to put it mildly, that leaves a lot to be desired. In 1992 the volume of oil extraction was 399 million tonnes as against the 563 million tonnes achieved in 1987. According to the specialists' forecasts, the extraction curve will continue to dip this year to a level of 340 million tonnes, which threatens to lead to a reduction in production of petroleum products and consequently a fall in the country's hard currency revenue.

As for meeting the Russian Armed Forces' needs for fuel, everyone has to make cutbacks in conditions of economic crisis, and that goes for the Army too. But I have to say right away that even in the present extremely difficult situation the state is giving us the main petroleum products necessary both to ensure combat training plans and to bring the troops back home from abroad. Fuel quotas are now somewhat higher than last year but nevertheless the fuel requirements of the troops and fleet forces will not be met in full.

[Altunin] Do enterprises have a state order for the supply of fuel to the Armed Forces as they used to do?

[Gorupay] Yes, and this gives us certain advantages although appropriations for payment for fuel are only issued monthly and that does not suit our partners—they are demanding advance payment. The special economic group created under the Central Directorate is having to work flat out to resolve all the conflicts that occur in conditions of market relations. For example, when negotiating a contract price for R-50 containers with the "Morshanskkhimmash" Joint-Stock Company, we studied the real situation in the market and managed to save 15.8 million rubles [R].

Every account received from the suppliers is meticulously checked. In just six months there were 320 instances where for various reasons (lack of dispatch documents, overstated prices, mathematical errors, and so forth) they were denied payment totalling R210 million.

In accordance with economic ties established over many years, the purchase of fuel is now carried out in many instances via "Rosnefteprodukt," the state concern for the supply of petroleum products, which sets regional delivery and sales supplements on the supply of fuel to the Defense Ministry ranging from 20 percent to 90 percent compared with refinery prices. This is completely disadvantageous to us. That is why we are beginning to switch to direct purchases of fuel straight from the refineries or through the kind of intermediary organizations which set considerably lower delivery and sales supplements than the "Rosnefteprodukt" Concern. We are paying great attention to planning the rational shipment of fuel and to reducing transport idle times during unloading.

For our part we are demanding that our economic partners honor the terms of contracts and, if they do not, we resolutely apply the financial penalties allowed by the law and the contracts. For example, in 1992 fines totalling around R600,000 were imposed on just two enterprises which supply technical resources—the Serpukhovskiy Refuelling Equipment Science and Production Association and the "Kommunar" Plant in Kursk—for failing to supply equipment that had been ordered.

[Altunin] But you will agree that the squandering of fuel in the troops could undermine this work...

[Gorupay] The key figure in the troops is the commander, he is the organizer and director of combat training and the life and daily work of a unit or a ship. He must set a principled and tough line to ensure the rational use of equipment and the thorough preparation of every task, training operation, and exercise. Engines and mechanisms must not be allowed to idle pointlessly and those practical skills which previously were acquired in training classes, the vehicle pool, and simulators must be acquired on machinery that is in actual use.

[Altunin] Pavel Ivanovich, in that connection I would like to ask this question: There is a lot of talk now about malpractices in the Western Group of Forces, and the fuel service figured in this about 18 months ago. At that time you were serving in Central Asia but presumably you know the gist of this problem?

[Gorupay] Fuels, lubricants, and equipment were being sold on a fairly wide scale at a time when this was officially allowed (see the USSR defense minister's order no. 550 dated 20 November 1991). It is a different matter that the established procedure was being violated then: Fuel was being sold at less than the world price and the revenue from these sales was not always used as it should have been. There were individual malpractices in the Western and Northern Groups of Forces and the Prosecutor's Office is still investigating them.

[Altunin] It is also well known, is it not, that some of this revenue was used to buy apartments for homeless officers of the fuel service?

[Gorupay] Yes, this is a fact. Some 70 apartments were bought.

[Altunin] Recently the defense minister issued an order on the squandering of fuel in the Pacific Fleet. What happened there?

[Gorupay] The sale of surplus fuel stocks, including the emergency reserve supply, was once allowed only in groups of forces because of the difficulties involved in shipping it out. But in the Pacific Fleet, where fuel deliveries entail maximum transport costs, they decided that they had total license. They began selling fuel on the side, gave loans, carried out barter deals, and so forth. As a result of this "initiative," the fleet squandered a considerable proportion of its stocks and this caused serious damage to its combat readiness.

There have been similar cases not just in the Pacific Fleet but also in the North Caucasus and Moscow Military Districts. Now those stocks have been largely rebuilt.

[Altunin] Pavel Ivanovich, in conclusion I would like to ask a question of a purely practical nature. How does an officer or NCO refuel his own car in a garrison where there is no gas station?

[Gorupay] According to the regulation presently in force in the Russian Federation Armed Forces covering the supply of fuel in garrisons (military units) where there is no organized retail sale of petroleum products gasoline may be issued to servicemen and workers and employees of military units. The list of such garrisons is announced by order of the commander of the district or fleet. The list of people allowed to obtain fuel this way, complete with their vehicle registration number, maximum allocation per month, system for the refuelling of private vehicles, and payment procedure for that unit is set in the commander's order.

Prices for the petroleum products issued are agreed in advance with the superior issuing fuel service. It should be borne in mind that the supply for private automobiles through a military unit's fuel station does not justify a demand for additional fuel.

Stepashin Denies Corruption Charges in Western Army

LD2607161693 Moscow ITAR-TASS in English 1534 GMT 26 Jul 93

[By ITAR-TASS correspondent Roman Zadunaisky]

[Text] Moscow July 26 TASS—It is time to put an end to ballyhoo about corruption in Russia's Western Army: Information about facts of corruption in the Army group deployed west of Russia is ungrounded, Chairman of the Russian parliament Defence and Security Committee Sergey Stepashin told officers at the headquarters of the Russian Western Army in Wuensdorf, Germany, according to a spokesman for the Army commandment. Stepashin, who is in Germany on a working trip, said the Army was working normally, undergoing training, supplying its own provisions and helping Russia, for which it deserves gratitude.

Earlier reports about corruption in Russia's Western Army were rebuffed by Alexey Ilyushenko, chief of the control department of the Russian president's staff.

Editorial Questions Production of New T-90 Tank

PM2607153993 Moscow IZVESTIYA in Russian 24 Jul 93 First Edition p 8

["Editorial Viewpoint" article: "Russia Needs Conversion, Not New Tanks"]

[Text] According to a report from Colonel General Aleksandr Galkin, chief of the Russian Defense Ministry's Main Armored Directorate, a plan for the production of the new T-90 tank has been submitted to the government.

It is not yet known whether the Cabinet of Ministers intends to go into the technical and financial details of the plan or will primarily ask the defense industry what is, in our view, the most important question—"Why?" Why new tanks, when thousands of others produced during the era of the militarized economy are rusting away through constant disuse, since the Russian Army no longer needs so many?

Army specialists claim that the new machine will be better. It will be a modernized version of the T-80U, which is currently in service. Another argument is that the new tank will be entirely produced at Russian plants, whereas the T-80 was manufactured in another state—Ukraine.

These attempts to explain military muscle-flexing that is inexplicable in peacetime conceal an obvious departmental need to urgently make money to prevent production from grinding to a halt and thousands of specialists—whose qualifications are without doubt exceptionally high and need to be used—being put out of work. The question is "How?" Even though it has been extremely inconsistent, the conversion that has begun seemingly shows where the brains, talents, and professional habits of defense industry specialists can and should be directed. But, judging by the desire to embark on production of the new tank, the military-industrial complex intends to follow the well-trodden path toward senseless expenditure.

The phenomenal level of militarization in the Russian economy, when the level of machine building enterprises' military output often exceeds 60 percent, cannot fail to amaze us. Particularly now that the humanization of all industrial sectors has been proclaimed and it has been stated that the economy is being reoriented to the most urgent civil needs. Now, instead of selling off the unnecessary arsenal abroad (for instance, our tanks are above average world standards) production is being

launched of the T-90, which is doomed from the outset to swell the ranks of its rusting forefathers.

Our armor is strong! And the armor of our defense mentality, we are sadly convinced, is particularly strong. But if the government does not wish to try the taxpayers' patience any further, if it seriously intends to change the structure of production and radically reform the economy, then the tank attack on conversion must be repulsed.

Space Agency Chief on Commercial Satellite Launchings

LD2607165493 Moscow ITAR-TASS World Service in Russian 0710 GMT 26 Jul 93

[By ITAR-TASS correspondent Anna Bakina]

[Text] Moscow, 26 Jul—The launching of commercial satellites into space is becoming more and more popular throughout the world. Not only is this a good investment but there are vast profits in it. Your ITAR-TASS correspondent asked Yuriy Koptev, director general of the Russian Space Agency (RSA), about Russia's place in the space market.

"At present supply exceeds demand by two and a half times," the RSA chief noted. "States are 'queuing up' to have the opportunity of launching a commercial satellite. For instance, according to 1993 data, countries have had the opportunity to launch 27 satellites, but only 20 will be launched." This is connected with many reasons, one of which is the present-day duration of flights and their long-term space programs. The queue for launches now stretches up to 1995. These are preliminary plans for the time being, suggesting that there is a particular kind of competition. In this competition Russia is "favored" at best with nine European satellites and the possibility of involvement in the launching of U.S. satellites. This is out of approximately 40 "free" satellites now in the market.

The fact is that 70 percent of these space instruments are made in the United States. U.S. components are used in the remainder made by other countries. Therefore, in order to play a full-blooded part in the business of the space market, it is essential to have an export license the cost of which is expressed not in monetary value, but in the difficulty of obtaining it. The Russians themselves, Yuriy Koptev admits, are today not in a position to carry out commercial launchings independently at a current cost of $600-700 million. There is also in existence a program of launchings of conventional Russian satellites, but in terms of money these are much less profitable.

Supreme Soviet

Parliament's Decree Suspends Yeltsin Privatization Edict

PM2707122793 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 93 First Edition p 1

["Decree of the Russian Federation Supreme Soviet on Submitting to the Russian Federation Constitutional Court a Petition for Verification of the Constitutionality of the Edict of the Russian Federation President of 8 May 1993 No. 640 'On State Guarantees of the Right of Russian Citizens To Participate in Privatization'", signed by R.I. Khasbulatov, chairman of the Russian Federation Supreme Soviet, and dated Moscow, Russian House of Soviets, 20 July 1993, No. 5468-1"]

[Text] In connection with the Edict of the Russian Federation president of 8 May 1993, No. 640, "On State Guarantees of the Right of Russian Citizens To Participate in Privatization," which establishes the legal regulation of the privatization process, the Russian Federation Supreme Soviet resolves:

1. To send a petition to the Russian Federation Constitutional Court for verication of the constitutionality of the Edict of the Russian Federation president of 8 May 1993 No. 640 "On State Guarantees of the Right of Russian Citizens To Participate in Privatization."

2. To instuct V.D. Mazayev, chairman of the Russian Federation Supreme Soviet Soviet of the Republic Commission for Economic Reform, to represent the Russian Federation Supreme Soviet during the hearing of the aforementioned petition.

3. On the basis of Article 109, point 19 of the Russian Federation Constitution, to suspend the Edict of the Russian Federation president of 8 May 1993 No. 640 until the Russian Federation Constitutional Court resolves the question of its constitutionality.

[Signed] R.I. Khasbulatov,
Chairman of the Russian Federation Supreme Soviet
Moscow,
Russian House of Soviets
20 July 1993
No. 5468-1

Privatization Measures Discussed

LD2607221593

[Editorial Report] Moscow Ostankino Television First Channel Network in Russian at 1535 GMT on 26 July carries on the "Echo of the Week" program a 35-minute discussion of last week's decisions on privatization by the Russian Supreme Soviet.

Announcer Igor Pototskiy begins by recapping last week's events.

On Monday, 19 July, the Supreme Soviet suspended the president's decree that said that no less than 29 percent of shares in enterprises subject to privatization ought to be sold for vouchers. It also reviewed the rights of the State Committee for Management of State Property.

On Tuesday, the voucher price dropped from 10,000 rubles [R] to R6,000.

On Wednesday, the executive threatened the legislature with counter-measures.

On Thursday, Moscow Mayor Yuriy Luzhkov said he opposed the parliamentary decision to give people's deputies the same rights for free privatization of housing as Moscow residents—a decision that costs Moscow 40,000 sq.m. of floorspace worth several billion rubles.

This summary is followed by a recorded interview with Vladimir Mazayev, chairman of the Supreme Soviet Committee for Economic Reform. He claims that the Supreme Soviet has to tackle the privatization issue because the government is dragging its feet on submitting its privatization program to the Supreme Soviet. He also accuses Anatoliy Chubays, chairman of the State Committee for Management of State Property, of disinformation on which decrees were actually suspended.

This is followed by a recorded interview with Chubays, who in turn accuses Mazayev and "those behind him—Ispravnikov and Khasbulatov," of trying to destroy the privatization process. He goes on to say that all the recent decisions taken by the Supreme Soviet bore the same mark of destruction on them. He mentions the decision on Sevastopol, which is bound to wreck relations with Ukraine, and the adoption of the "mad budget" with a deficit of 23 trillion rubles, which would destroy the stabilization of the ruble/dollar rate. Chubays also says that he is in possession of draft documents signed by Mazayev, Ispravnikov, and Khasbulatov, which envisage suspension of privatization and replacing vouchers with personalized privatization accounts. Only the changed political situation and the public indignation at the decisions already passed prevented them from being introduced and adopted by the Supreme Soviet, he says.

In another recorded interview, Sergey Stankevich, political adviser to Yeltsin, claims that the Supreme Soviet was led in its decisions by political rather than economic considerations.

This view is echoed by Chubays in another portion of his interview. He says: "All the actions on privatization and the hysteria about corruption, including the search at Poltoranin's and the stripping of Shumeyko's immunity as a deputy, add up to a well-calculated sequence. Next week, I believe, it will unfold before our eyes. The sequence is as follows. At present a number of Supreme Soviet deputies have gone to the regions to gather compromising materials about the government's actions in the economic sphere. There is a group of deputies collecting evidence in every one of Russia's regions. Then all this will spill out on Tuesday and Wednesday of next week at the so-called economic conference.

"This conference will gather a huge number of people—up to 1,000—the overwhelming majority of them people's deputies. There will be a well-rehearsed effort to drive the audience to hysteria, focusing on the idea that Russia is being taken apart, that the economy is in ruins, that people are starving, that the government is totally corrupt, that the privatization has wrecked the economy, and that management of the economy has gone to the dogs. On the crest of this wave of pressure the conference will put forward a resolution demanding the immediate resignation of the government and convocation of the Congress of People's Deputies. Most probably the deputies present at the conference will pass a resolution to convene the congress.

"At the end of next week, or a little later, the congress may well take place, and, if all goes well, it will adopt a resolution to dismiss the government and also to impeach the president. If it goes not so well, it will limit itself to the former. That is also not bad for the present situation, as it were. The technique has already been rehearsed, but in order to perform all this they have to seize several advance outposts—these outposts are the privatization, the budget, hysteria over corruption, the gathering of materials in the regions—and then move on to the sequence that will unfold before our eyes in the very near future." Chubays goes on to say that even if the economic conference does not adopt extreme measures, Khasbulatov will be able to save face by saying that after all they discovered serious mistakes that ought to be put right. "So everything will not look too bad, even in the worst contingency for Ruslan Imranovich. While if all goes well for him, he will get all he wants."

The next portion of the program presents a selection of views about the Supreme Soviet.

Valeriy Skripchenko, a deputy chairman of the Supreme Soviet Commission for Budget, Plans, Taxes, and Prices, claims that the Supreme Soviet is based on the model of the Communist Party. Sergey Stankevich explains why deputies do not want to give up their privileges. Vladimir Mazayev says the Supreme Soviet and not the government represents the interests of the people.

Anatoliy Chubays says the parliament has turned into a vast political party pursuing its own party interests regardless of popular reaction. Its aims, he says, are "to turn back reforms on all the main directions and to revert to a command economy. If the government was to carry out pedantically all the decisions passed by the Supreme Soviet in the past two weeks, it would successfully and without fail raze to the ground both the Russian economy and the Russian statehood." "If we just ask Boris Fedorov to carry out everything prescribed in the budget approved by the Supreme Soviet, after about a month and a half inflation will go up to 70 or 80 percent a month. This will be followed by a spiral of hyperinflation, money turning into paper, no incentive to

work—because you are paid with money you cannot use—the economy turning to barter throughout—both between enterprises and between individuals—survival of those who have things to exchange for other goods, and so on." Therefore, decisions taken by the Supreme Soviet cannot and will not be carried out, Chubays says.

The final part of the program deals with the Central Bank decision to withdraw old bank notes. The announcer points out that the move was preceded by "a few elementary steps" taken by the Central Bank, which had caused a fall in the dollar exchange rate. After that, for several weeks thousands of people were selling off their dollars for rubles. Only then did the Central Bank go back on its earlier promise and announce the decision to withdraw old banknotes almost immediately. The announcer concludes by lamenting the fate of the people who have to suffer such iniquities.

Rumors of Obstructing Privatization Rejected

MK2407120093 Moscow FEDERATSIYA in Russian No. 82, 24 Jul 93 (signed to press 23 Jul 93) p 1

[Report on interview with Vladimir Mazayev, chairman of the Supreme Soviet's Economic Reform Committee, by Aleksandr Sukhoparov; place and date not given: "Vladimir Mazayev: 'Rumors About the Abolition of Vouchers Are But a Pure Fantasy'"]

[Text] Recent rumors have it that the Russian Supreme Soviet is drafting a package of enforceable enactments designed to cancel voucher-based privatization. This gives rise to serious apprehensions in society, especially among those who have already invested their privatization checks in enterprises or funds and are now awaiting dividends. Moreover, voices have been heard saying that the decrees passed by parliament to that effect call into question the very course of economic reform. Your correspondent Aleksandr Sukhoparov asked Vladimir Mazayev, chairman of the Russian Federation Supreme Soviet's Economic Reform Committee, to comment on the situation regarding vouchers. This is what he said:

The Russian parliament has passed two decrees related to privatization. These have been necessitated by the fact that, despite repeated calls on the government to present its program in this area for 1993, we have effectively never received any response. But, along with the Law on Privatization, it is a crucial enforceable document that makes it possible to carry out privatization within a normal, legislative framework, to protect the interests of owners taking into account the requirements set by the legislative, executive, and judicial branches of power. So far—and currently July is drawing to a close—neither the Supreme Soviet nor the government have a program for 1993.

Anatoliy Chubays, chairman of the State Property Committee, tried to explain to us that the document was being finalized. Such excuses, however, cannot be judged satisfactory. Given this situation, questions have often been raised at the Supreme Soviet as to how privatization is proceeding and how the Supreme Soviet decree on the subject has been complied with. We have been given no intelligible answers, though.

It is well known that on 8 May Boris Yeltsin issued edict No. 640, "On State Guarantees of the Right of Russian Citizens To Participate in Privatization." It contained a number of provisions that were to be set forth in the 1993 privatization program. By doing so, the president and the State Property Committee tried to bypass the legislative framework of privatization and to gamble on a legally binding ordinance. Significant changes have been made in the process of privatization that deviate substantially from current legislation. Thus, the legitimacy of the process of the distribution of property was being called into question. Given this, the Supreme Soviet discussed the contents of the presidential edict and filed with the Constitutional Court a petition requesting that the constitutionality of this document be checked. At the same time, acting in accordance with its powers, the parliament suspended the edict until it is reviewed by the Constitutional Court. Otherwise, if the ruling is negative, as was the case with privatization in Moscow, those who have obtained property under the presidential edict would have found themselves in an even more complex position, because the authorities would have to carry out reprivatization. Should this happen, material and moral costs would be inevitable.

It should be particularly emphasized that by suspending the edict we are by no means canceling privatization. The Privatization Law and the 1992 program remain in force. Moreover, the latter's term has been extended, and the rights of voucher holders have in no way been infringed. Such pronouncements ring hollow and are absolutely baseless. Our objective is to make the process of privatization a socially oriented one that would satisfy the interests of millions of Russians.

The other enforceable enactment was passed by the Supreme Soviet regarding amendments and changes to the Supreme Soviet decree of 27 December 1991 on splitting the Russian Federation's state property into federal property of the republics within the Russian Federation, that of krays, oblasts, autonomous okrugs, the cities of Moscow and St. Petersburg, and also municipal property, and establishing the procedure for disposing of federal property objects. If formerly the State Property Committee had the exclusive right to manage and dispose of federal property, now, judging by the experience of last year and this year and taking into account suggestions from the Federation components and in the field, we decided to hand this right over to a collective executive body—the Russian Federation Government—as provided for in the Constitution and the laws on the Council of Ministers and on privatization.

The State Property Committee will continue to deal with privatization as it has done before. What is at issue is the management of property by the state in general. The

thing is that, as yet, we do not have enforceable enactments regulating the management of state property. Exploiting this fact, Chubays' committee has given itself the exclusive right to own and to distribute all federal property. In both documents passed by the Supreme Soviet, we pay special attention to the lawfulness of all the procedures regarding the management of state property and the protection of the rights and interests of new owners. Time has shown that unless a normal legislative framework for the distribution of property is in place, disputes, violations, and so forth are bound to arise. People do not have adequate legal protection in this situation, which leads to abuses and social conflicts. Of course, these problems can be resolved administratively, by passing legally binding ordinances and edicts, but those same voucher holders and new shareholders will ask us tomorrow: Who protects their rights and how. Therefore, the Supreme Soviet was obligated to look once again at the legal foundation of privatization and to make clarifying decisions.

As for rumors about the cancellation of privatization and vouchers, this is pure fantasy or speculations of State Property Committee bureaucrats. Working hypotheses were discussed, but neither the Supreme Soviet Presidium nor the parliament have passed any documents. So, there are no grounds for concern—privatization will go on, but within a legislative framework and according to an officially adopted program.

Budget Law's Adoption Creates 'Absurd Situation'

PM2607125193 Moscow IZVESTIYA in Russian 24 Jul 93 First Edition p 2

[Ivan Zhagel report: "Budget Ratified By Parliament Puts Paid to Financial Stabilization"]

[Text] The Russian Supreme Soviet has adopted the Law "On Clarifying the Indicators of the Republic Budget for 1993," under which total revenue will be 22,381.2 billion rubles [R], and total expenditure R44,658.6 billion.

Summing up the debates on this issue in parliament, Aleksandr Pochinok, chairman of the Commission for the Budget, Plans, Taxes, and Prices, stated that for the first time we have a budget whose deficit is higher than its revenue side. It is an absurd situation that finally debunks the illusion that the Russian parliament has any interest in stabilizing the situation in the financial sphere.

At any rate, by ratifying the budget law, the Supreme Soviet has canceled out its previous decisions—including the "Declaration of National Economic Consensus" signed by the Supreme Soviet leaders, under which inflation was to have been reduced to 10 percent a month by the end of 1993. It is obvious that it will be simply impossible to cut current inflation rates with this kind of budget deficit.

It is hard to say for sure just what made parliament ratify this "clarified budget"—the deputies' lack of professionalism or their attempts to create for themselves an image of defending the people's interests and thereby win more votes in the political struggle. But it is hard to view them as defenders of the people when appropriations for social needs in the new version of the budget are set at R2,229 billion, while defense appropriations come to R8,011.16 billion. All the more so as the inflation caused by excessive state spending will devalue the sums allocated for social support several times over.

Is there a way out of this situation? Theoretically the Russian president could suspend the law on the 1993 budget that has just been adopted. But, in that event, the country would be living as it was six months and a year ago—in other words, when decisions which led to additional spending were being adopted in parliament every month. In this event the prospects for financial stabilization would depend solely on deputies' self-control and their firmness and principles. And those are things that have not been observed.

Incidentally, at virtually the same time as it was ratifying the clarified budget, the parliament made changes and additions to the Law "On the Central Bank of the Russian Federation." Even in its new version this document retains the Bank of Russia's subordination to the federal parliament, which allow deputies to pump money into the economy whether the budget is constantly being revised or whether it is lacking altogether.

Moreover, the clarified law on the Central Bank states that the chairman of the Bank of Russia has a personal responsibility to the Supreme Soviet. And this means that he can be removed at any moment in the event of failing to blindly follow all of parliament's decisions.

Sokolov: Economic Policy Must Be 'Radically Changed'

PM2207141693 Moscow ROSSIYSKAYA GAZETA in Russian 22 Jul 93 First Edition pp 1-2

[Interview with Veniamin Sokolov, chairman of the Supreme Soviet Soviet of the Republic, by Valeriy Zenkov; place and date not given: "Backstage Maneuvers: The Government Is Pursuing an Antipopular and Antimarket Policy"]

[Text] Here we are in midsummer, and the country still has no law on the republic budget for the year. Why not? We asked Veniamin Sokolov, chairman of the Supreme Soviet Soviet of the Republic, to tell us about it.

[Zenkov] Veniamin Sergeyevich, one accusation constantly leveled at the Supreme Soviet is that it has yet to examine the budget, as a result of which the government is having to manage as best it can. Are these accusations well founded?

[Sokolov] To answer that question we will have to go back to last year. The draft budget for 1993 should have

been submitted by the government, which was then headed by Yegor Gaydar, by 15 September 1992. On 20 September we received a letter signed by Gaydar containing a request to postpone the examination of the budget for a month. The new deadline arrived. And what happened? The government maintained a stony silence. It was only on 30 November that the Supreme Soviet received the budget message, and then it did not stand up to any criticism. But since then the Congress of People's Deputies had begun, at which the question of replacing the leader of government was raised, the Supreme Soviet took no notice of the message. After Viktor Chernomyrdin became premier, we asked for amendments and clarifications on the draft law to be submitted by the end of December. However, the government did not see fit to send them until 25 January, that is, when the financial year was already under way.

But even that document was not very different from the old one. Nonetheless, in view of the fact that there was no time for reflection, the people's deputies set about discussing it. The Law on the Budget for 1993 was adopted 26 March. Aware of all its shortcomings, we asked the government to submit amendments. We set a date—15 April. But the government started delaying again. The amendments did not appear until 26 June.

Let me note that even then the government was trying to recarve the budget to suit itself. They used the president's authority to that end. On 4 May Boris Yeltsin sent back the budget that the Supreme Soviet had already approved. A letter signed by him gives the reason why he did this. The president demanded a reduction of 20 billion rubles [R] in expenditure on science and R65 billion in investments in the social and cultural sphere. Naturally, the Supreme Soviet did not agree to this.

It was not until 25 May that the state finally gained a document not only reflecting income and expenditure, but offering the possibility of influencing financial, taxation, investment, and foreign economic policy.

[Zenkov] But what do you mean by amending the budget?

[Sokolov] It was constructed on a foundation that is not at all appropriate to our economic realities. First, all the calculations were made at November 1992 prices. All the income we approved in March was eaten up by June. Second, according to the Ministry of the Economy predictions, by the end of the year prices were to double or triple. The budget was compiled on that basis. But the Ministry of the Economy got it wrong. Prices have already increased fourfold, and by the end of the year they will have gone up 10-12 times. The figures which the government incorporated in the amended budget, reflecting a fourfold increase in prices, are already unrealistic. Therefore we will be forced to look at this document again in September-October.

[Zenkov] And what is the Supreme Soviet discussing today?

[Sokolov] We are examining a completely different document from the one submitted by the government. In effect, it has been reformulated from scratch. The Supreme Soviet was forced to do this itself.

[Zenkov] Why?

[Sokolov] For several reasons. Here are some of them. The draft law proposed by the government is clearly antisocial in nature. It proposes a 7-percent increase in value added tax. With the creation, on this basis, of special-purpose funds to support the agro-industrial complex and the coal industry. But since virtually no enterprise could withstand a new tax burden, the Ministry of Finance proposed reducing contributions to the Pension Fund and the Social Insurance Fund. Instead of 28 percent of the wage fund, 21.2 percent would go into the Pension Fund, and 4.4 percent, instead of 5.4 percent, into the insurance fund.

And how did the government try to resolve the question of pensions? First it proposed not to index them. But when we rejected that, a new proposal came in: Instead of indexation, introduce one-time payments, identical for all pensioners, of a sum of R6,500, irrespective of the size of their pension. It was proposed to pay this sum every month, beginning 1 August.

If we had indexed all pensions, the monthly payments from the Pension Fund would have totaled R420 billion. Whereas if we had adopted the government's proposal, that figure would have been R220 billion. So the government proposes to create funds to support the agro-industrial complex and the coal industry at the expense of pensioners. That is to say, what it all amounted to was that pensions would have remained at their former level. That was why we rejected the government's proposal, deeming it absurd.

The second factor that prompted us to set about drafting a budget ourselves concerns social and cultural measures. Whereas, in the law adopted in March, 12 percent of budget expenditure was allocated for these needs, in the new version the figure is 9.2 percent, which is a 25-percent cut. And that is how the government decided to combat the budget deficit!

And a third reason. This concerns the laws adopted this year "On the Status of Servicemen," "On Compensation Payments to Inhabitants of the Far North," and "On Grain." The government has proposed suspending a significant part of the articles of these laws. It has calculated that this would mean substantial savings. But what does it mean, suspending the operation of the laws? It means economizing on the wages of servicemen and inhabitants of the Far North. People had to wait several years for the Law "On the Status of Servicemen." Its adoption marked the start of a degree of stabilization in the Armed Forces, fewer promising young officers left the army, and the prestige of the soldiers' tough job began to be revived. The personnel of the troops and naval forces, after the open defamation of the army in the last years of the USSR's existence, felt for the first

time that society and the state were showing concern for the Fatherland's defenders. I do not think I need to explain the implications of suspending the Law "On Compensation Payments to Inhabitants of the Far North." It is already impossible for them to leave there, nobody can afford an air ticket. Substantial changes in the conditions for purchasing grain were also unacceptable.

[Zenkov] Veniamin Sergeyevich, it is well known that the government thinks inflationary processes are mainly due to the huge federal budget deficit and the Central Bank's policy in the credit sphere. As for the rest, they say, it is not so important. What do you think?

[Sokolov] I think the main cause lies beyond these two phenomena. Take, for instance, the facts set forth in the letter from Boris Fedorov, vice premier and finance minister, to Ruslan Khasbulatov, citing figures relating to aid to developing countries. Russia spent $17 billion on these purposes last year, which was 21.4 percent of its gross product. Meanwhile the United States, for instance, spent $9.91 billion (0.17 percent of GDP).

For Japan, the figure was $11.3 billion (0.3 percent of GDP).

Note that nearly one-fifth of our GDP is exported.

That is the main source of inflation. If you convert $17 billion at last year's average exchange rate for the ruble against the dollar, you get some R5 trillion. Last year the federal budget was approved at a sum of R4 trillion. And the budget deficit was R900 billion, while Central Bank credits were about R800 billion. Thus the deficit and credits together amounted to about 30 percent of the total sum of resources sent abroad.

This money sits in foreign banks in the accounts of private individuals. They earn fabulous interest on it. With the money they buy villas in Cyprus and Florida.

Thanks to the liberalization of foreign economic activity, a huge hole has opened up, into which a mass of goods produced in our country falls. This hole fans inflation. And that is the main reason for the budget deficit. Incidentally, the Ministry of Finance now recognizes this.

[Zenkov] There is an impression that the government intends to economize on what is most essential...

[Sokolov] What do you mean, an impression? That is how it is! Take the financing of defense, for instance. The government proposed to set defense expenditure at R6.3 trillion. We approved a sum of R8.1 trillion. If you compare that with what goes on defense in the United States, it is a risible sum. The U.S. Congress has channeled some $270 billion into defense, as against a mere $8 billion in our case!

And what does it mean if you lose the defense industry? It means losing our entire technological potential, on the basis of which we could implement a structural reorganization.

Speaking of defense finance, I must say that it is not a question of all the money going into maintaining the army. Military industry orders go through the Defense Ministry. And the question at the Supreme Soviet session was this: Are we going to have a defense industry, or not?

The government would also have economized on investments, had it not been for our intervention. The Ministry of Finance, whose viewpoint was represented by Vice Premier Boris Fedorov, called for a reduction in investments. The Ministry of the Economy was in favor of developing production. The latter's position was shared by the people's deputies. We will never escape inflation unless we tackle production problems, that is, unless we increase the commodity supply we will not stop the decline in production.

[Zenkov] There is $10 billion on the loose in Russia at present. How is this affecting our financial system and economy?

[Sokolov] Take any country in the world where the government defends its national interests. Nowhere will you see things done the way they are in our country. In Britain, Germany, or Japan you cannot buy anything for a dollar until you exchange it for the national currency. We are the only country, or maybe there are some in Africa, where free circulation of the dollar is permitted. That did not happen even when the United States occupied Germany and Japan. Free circulation of the dollar on our market is basically a kind of mechanism for implementing a plan to plunder the country. The state loses its sovereignty and the financial system is destroyed. You could also say that we have given the United States interest-free credits of $10 billion!

[Zenkov] What must be done, in your view, to change things?

[Sokolov] The political and economic course must be radically changed. That presupposes replacing those who pursue that course. It is 18 months ago now that, at a Congress of People's Deputies, I called the present government's policy antipopular and antimarket. Not much has changed since then. So I intend to oppose this course.

Law on State Secrets Passes Second Reading

PM2307113393 Moscow KRASNAYA ZVEZDA in Russian 23 Jul 93 p 1

[Oleg Glushakov report: "Now We Actually Know Exactly What Constitutes a Secret. Russian Supreme Soviet Adopts Law 'On State Secrets' on Second Reading"]

[Text] Russian Federation People's Deputy Sergey Ivanov, leader of the group drafting the law, stressed that during its work it has been possible to take account of proposals by the Federation's subjects, the government, the Gostekhkommissiya [expansion unknown; possibly State Technical Commission], and other interested ministries and departments. The powers of the Russian parliament, president, and government and of other organs of state power to protect state secrets have been defined in law for the first time.

It is also important to stress the following. Everybody knows that previously even minimally important or else totally trivial information was regarded as a secret in our country. This problem has now been solved: The law clearly specifies what information is not subject to security classification. This category includes information about accidents and disasters threatening people's safety and health, about privileges, compensation, and benefits given to citizens and officials, about cases of violations of human rights and freedoms, and about senior Russian officials' state of health.

The law envisages only citizens' voluntary admission to secret information with appropriate restrictions on rights. Furthermore, these people will be given appropriate privileges—a percentage markup on wages and a preferential right of employment during organizational and staff changes.

By decree of the Supreme Soviet the Russian president is asked to submit a draft program for ensuring the protection of state secrets in 1994-1995.

Regional Affairs

Chernomyrdin Visits Saratov, Stresses Harvest

LD2707135493 Moscow ITAR-TASS World Service in Russian 1133 GMT 27 Jul 93

[Report by ITAR-TASS correspondent Ivan Ivanov]

[Text] Saratov, 27 Jul—Viktor Chernomyrdin, the chairman of the Russian Federation Council of Ministers, said the harvest is effectively the most important problem currently facing the Russian economy. He is paying visits to a number of rayons in Saratov oblast today with the aim of seeing at first hand the problems facing agricultural workers at harvest time.

In conversations with workers of an agro-industrial complex, Viktor Chernomyrdin stressed that "on the whole there is a good harvest throughout Russia and now it is important to gather it with minimal losses."

Judging from the numerous talks which the head of the Russian Cabinet had with machine operators, crop growers, and farm leaders, the main thing worrying rural dwellers at the present time is payment for the grain, which they have started to give to the state. Despite the fact that at the session of the Presidium of the Council of Ministers last week a decision was made on the buying of grain for the federal fund at an average price of 60,000 rubles for one tonne with subsequent monthly review, payment for the grain which have already gone to the grain elevators has not yet begun for most of the region's farms.

The situation regarding the withdrawal from circulation of 1961- 1992 banknotes was also of concern to the inhabitants of Saratov Oblast. Viktor Chernomyrdin told journalists at the airport that this action "will not hurt anyone and no one will lose his money." After saying that the hullabaloo around this action had to be stopped, the head of government noted that first and foremost this step is aimed at defending the interests and monetary system of Russia.

Provinces Refuse To Confront Yeltsin

MK2707095093 Moscow SEGODNYA in Russian No. 37, 27 Jul 93 (signed to press 26 Jul) p 2

[Vladimir Zorich commentary under "Constitution" rubric: "Khasbulatov Proposes to the Regions To Fight Yeltsin Themselves. The Regions Thank Him But Refuse"]

[Text] On 24 July Boris Yeltsin signed an edict on procedures for coordinating the draft constitution with Federation components. On Sunday the heads of these components were gathered in the White House where Ruslan Khasbulatov, Yuriy Voronin, Vladimir Isakov, and Valeriy Zorkin tried to offer guidelines as to how to "kill" [zamotat] this draft painlessly without referring to the Supreme Soviet. On Monday the heads of the soviets went home flatly refusing this honor and the responsibility that goes with it.

Actually the methodology of struggling with the "Yeltsin draft" was spelled out by Vladimir Isakov, chairman of the constitutional legislation committee. It is simple: The president has circulated his draft to be voted on and the Supreme Soviet will not disseminate its own draft since it is "not ready yet." Then, if local soviets do not ratify the Kremlin draft fundamental law, no constitutional matters at all could be included in the agenda of the 17 November congress, which would do some other things instead. For example, straighten things out with the government and president. The new constitution would then be postponed indefinitely, and in 1994 elections of half the deputy corps would be called—for the congress. In 1996 the second half would be up for election—again for the congress. In other words, "one need not hurry, but make way for the presidential draft. Much would then be clarified. And I think that the president's efforts would not accelerate but in fact drag out the adoption of the constitution," Isakov stated.

To produce a bigger effect he threatened that "should the regions approve the presidential constitution, the congress would have no other option left. If so, general elections in 1994 would be inevitable."

The participants' angry rejection was not hard to predict. In plain Russian, the proposition to the regions sounds as follows: The Supreme Soviet has completed its part in the assault on the Kremlin and ensured fire support. The remaining part of the attack—the decisive one—the provinces must undertake with their own forces and under their own responsibility. Up to now local authorities have preferred to wait it out to see how the Moscow squabble would end, quietly "milking" both sides in the meantime. Now they have been told that by pursuing a wait-and-see approach (without calling sessions, ensuring a quorum, voting, and so forth) they do not remain outside the fight but actually find themselves in the very thick of it.

The meeting's reaction was summed up the most eloquently by Oleg Onishchik, chairman of the Samara Oblast council: "Do you want us to look like fools? The Supreme Soviet is obliged to present its own variant of the Constitution—moreover, officially, and not signed by Rumyantsev. By counting on the Kremlin draft's getting bogged down in our labyrinths one can lose big."

Meanwhile the provincial bosses are accusing the White House of ignoring, in contrast to the Kremlin, the wishes of the regions. In fact, much has already been obtained from the presidential structures. Altukhov, chairman of the Vologda Oblast council, believes that the krays and oblasts will manage finally to exert enough pressure on Moscow and the republics within the next two months and equalize the status of all the Federation components. Oleg Onishchik remarked in this connection that in this event "the adoption of the Yeltsin constitution would clearly mean new elections only of the Supreme Soviet but not of the local soviets. At present no one in Moscow may order the Bashkir authorities to hold elections. And therefore no one will be able to order us to hold elections either."

Shumeyko Arrives for Rostov-on-Don Conference

LD2607175893 Moscow Russian Television Network in Russian 1600 GMT 26 Jul 93

[From the "Vesti" newscast]

[Text] Russian Federation First Deputy Prime Minister Vladimir Shumeyko has arrived in Rostov-on-Don today to hold a regional meeting on the socioeconomic situation in the North Caucasus. The meeting will open tomorrow, and will be held in the framework of preparations for an extended meeting of the Russian Government, scheduled for the beginning of August. Today, the deputy prime minister had the opportunity to get acquainted with the work of the joint stock company Rosselmash, and to see the works' latest projects. In his conversations with leaders of a number of enterprises in the oblast, one major issue for rural workers was discussed—the problem of procurement bread prices. As Vladimir Shumeyko said at its last meeting, the government adopted a decision to increase their average price up to 60 rubles. But that is not the final price. It will be changing every month in proportion to the inflation rate.

Shakhray Visits Nizhniy Novgorod Conference

LD2607175093 Moscow Russian Television Network in Russian 1600 GMT 26 Jul 93

[Report including recorded remarks by Deputy Prime Minister Sergey Shakhray; from the "Vesti" newscast]

[Text] To receive accurate information that will enable the course of reforms to be amended—that is how Deputy Prime Minister Sergey Shakhray defined the aim of the conference in Nizhniy Novgorod. Representatives of a number of leading ministries have arrived to take part in the meeting with heads of administration of the Volga region oblasts and republics. Russian Supreme Soviet representatives have declined the invitation to visit Nizhniy Novgorod. The range of problems that was being discussed was quite traditional: Difficulties of the financial system, bread and fuel prices. The solutions to the problems proposed were hardly new.

[Shakhray] There is just one way out of the current situation: A new constitution and the formation of a new parliament. We must overcome duality of power because under anarchy, when there is no state power, it is difficult to speak of any sort of economic policy.

Soskovets Calls Move by Oblasts To Raise Status 'Protest'

LD2307185993 Moscow ITAR-TASS World Service in Russian 1539 GMT 23 Jul 93

[By ITAR-TASS correspondents Oleg Velicho and Leonid Bagdatyev]

[Text] Perm, 23 Jul—First Deputy Chairman of the Council of Ministers of the Russian Federation Oleg Soskovets said the intention of a number of Russian oblasts to raise their status to republic level is a special form of protest aroused by the nonfulfillment of obligations between the center and the subjects of the Federation.

Replying to a question from an ITAR-TASS correspondent after the zonal conference in Perm, he said such attempts "will continue to be made until we learn a civilized attitude to our obligations."

At the same time, Soskovets feels centripetal forces are making themselves more and more clearly felt.

On the question, discussed at the conference, of the survival of defense enterprises, he said their prospects are problematic. He said conversion is hardly unlikely to enable the whole productive infrastructure to be preserved. He sees budget allocations for some proportion of the enterprises as the way out of the situation.

Deputy Defends Ural Republic Decision

PM2607113393 Moscow ROSSIYSKAYA GAZETA in Russian 24 Jul 93 First Edition p 2

[Interview with Sverdlovsk Oblast Soviet People's Deputy Anatoliy Matrosov, director of the Ural Regional Association of Soviets, by Viktor Petrovskiy; place and date not given: "Regional Politics: We Do Not Advocate Collapse. We Favor Unity and Indivisibility"]

[Text] ROSSIYSKAYA GAZETA's correspondent talks to Sverdlovsk Oblast Soviet People's Deputy Anatoliy Matrosov, executive director of the Ural Regional Association of Soviets.

[Petrovskiy] Anatoliy Ivanovich, just what exactly is this proclamation of a Ural Republic—is it the beginning of Russia's collapse, as some critics are saying, or something else altogether?

[Matrosov] It is something quite different. Take a look at the decision of the 10th session of the Sverdovsk Oblast Soviet held 1 July expounding the people's deputies' basic motivations. They include the reinforcement of Russian statehood on the basis of a federation of equal components, the integrity of the system of federal administration, and the successful implementation of economic and social reform.

We advocate a united and indivisible Russia. It's simple. We do not support collapse.

[Petrovskiy] But nowadays, words and declarations diverge from reality only too frequently. And even actions seemingly prompted by good intentions can lead to contrary results.

[Matrosov] Our words and declarations are backed up by deeds. Just look at how many interregional economic associations there are in Siberia already: the Ural, Siberian, and Far East associations. Regions everywhere are coming forward as active components of Russia's economic integration, and it is precisely via such actions that they are laying the foundation of a solid economic union of territories. And it is in this foundation that united Russian statehood lies.

[Petrovskiy] Then let me put the question another way: Is there really a danger of collapse, and whence does it derive?

[Matrosov] Yes, this danger exists, and it stems from the extremes of our political structure. One such extreme is the center's only too obvious preponderance of power over the regions. Another is republic sovereignty, concealing within it the possibility of separation. The fact is that our economy is now in a state of collapse, but whose fault is this—the regions' or the center's?

The center's desire to control all and everything has begotten the monstrous bureaucratic power of the capital's bureaucratic apparatus. A situation has emerged whereby the "bureaucratic tail" of authority is starting to wag the dog. The effectiveness of state management is declining as a consequence of this. Due to the venality of bureaucrats, power is becoming accessible for the mafia and inaccessible for the people. The "people's privatization" is turning into an ideological fraud, and what is actually under way is the intensive transfer of public wealth into the hands of mafia bosses.

It is the center's desire for omniscience that gives rise to the abstract legal regulation of the privatization process, bereft of a specific legal mechanism. The embezzlement of state property and anarchy in privatization are becoming wholly inevitable, and they are passing completely unpunished.

Now for a word about another extreme—the idea of the sovereignty of republics. Where did you ever see a federal state which contained certain special territories with sovereign status and, consequently, a chance of secession? This kind of state does not and cannot exist. The Law on Federal Statehood implies the integrity and homogeneity of those state-territorial entities forming part of it. If these integral parts differ, if, as Krasnoyarsk Kray Soviet Chairman Vyacheslav Novikov said at the Constitutional Conference, some are equal and others are more equal, then how can one talk about the creation of Russian statehood and at the same time insist on preserving inequality among integral parts of the Federation?

[Petrovskiy] So, the real danger derives from the extremes of centralization and sovereignization. And the solution, of course, lies in the golden mean. Which is where?

[Matrosov] Something has to be done about the capital's bureaucratic clan. It is devouring power, it is stronger than common sense and the law, and it is only too well aware of the danger to itself stemming from our regional policy. There is only one realistic path—to wrest a portion of the requisite power from the center for the regions, and to increase the authoritative status of krays and oblasts.

Indeed, we are the first people in Russia to have elaborated and adopted a privatization program which will be implemented in the people's interests. We will fill the legal loopholes in federal legislation with specific oblast-level meaning and will introduce specific legal norms for investment activity, including foreign investment activity. The very same thing has also to be done with the law on natural resources. Above all, we want to impose the requisite legal order in everything.

It is likely that a reform of management structures will also be necessary. It is vital to take a fresh look at everything. For instance, why are there two soviets—at rayon and city level—in cities of rayon subordination, and consequently two administration heads? The absurdity of this has been realized in the city of Novaya Lyalya, so the city soviet voluntarily transferred its powers to the rayon soviet. This became possible because

they have started to resolve such questions on the basis of their own legal regulation.

Tomsk Oblast Seeks Republic Powers, Not Sovereignty

PM2307142193 Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 93 First Edition p 2

[Report by Viktor Petrovskiy: "Tomsk 'Democratic Russia' Protest"]

[Text] The Tomsk Oblast "Democratic Russia" Coordinating Council has backed, according to an ITAR-TASS report, the Russian Federation president's position that steps toward sovereignization during work on the constitution are inopportune. The movement has brought an action to declare the Inner Soviet's decision on a referendum on 3 October illegal and has demanded that the oblast prosecutor protest it. The "Democratic Russia" Coordinating Council urged Oblast Administration Head Viktor Kress "not to obey the Inner Soviet's decision on holding a referendum."

The Inner Soviet's decision was adopted back on 6 July and there was not a word, not a hint about claims of sovereignty dimensions. The ROSSIYSKAYA GAZETA political desk made an urgent call to Aleksandr Vasin, first deputy chairman of Tomsk Oblast Soviet.

[Petrovskiy] Aleksandr Dmitriyevich, what was said on 6 July, when your Inner Soviet adopted the decision on a referendum on 3 October? They say you are aspiring to sovereignty and even republic status.

[Vasin] There cannot be anything of that kind in the decision. Anyway, the regions are adamantly opposed to sovereign entities, both territorial and ethnic. We are not aspiring to republic status either. All we want is the same economic and legal powers as the national republics, which, incidentally, accords with the well known provisions of the Federation Treaty.

[Petrovskiy] If you would, please give the wording of the question to be presented in the 3 October referendum.

[Vasin] Sure: "At the referendum on 3 October 1993 the population of Tomsk Oblast has decided to state that Tomsk Oblast has powers (rights and duties) equal to the powers (rights and duties) of republics in the Russian Federation."

As you can see, there is nothing there about sovereignty, which presupposes the possibility of separation, and we are dead against that. There is nothing about republic status either. So the "Democratic Russia" people's sensational action is unlikely to elicit a response.

[Petrovskiy] But will Oblast Administration Chief Viktor Kress respond?

[Vasin] The administration chief is understandably cautious about it.

[Petrovskiy] As Oblast Administration chief surely he is unlikely to be interested in preserving the oblast's traditional status, which do not give him sufficient rights and powers.

[Vasin] That is for sure!

Declaration Addresses Regional Stability Issues

LD2407214893 Moscow ITAR-TASS World Service in Russian 1430 GMT 24 Jul 93

[By ITAR-TASS correspondent Boris Vlasov and Ivan Ivanov]

[Text] Pskov, 24 Jul—"The shaping of the foundations of statehood must be based upon the principles of preserving the integrity of the Russian State, the unity of its constitutional space, and the equal rights of all subjects of the Federation, as well as on refusal to tolerate either rigid unitarism or regional separatism." This is stated in a declaration entitled "For the integral unity of a free Russia," which was adopted today at a meeting of representatives of the Republic of Karelia and of Vologda, Kaliningrad, Leningrad, Murmansk, Novgorod, Pskov, Smolensk, Tver, and Yaroslavl oblasts and the city of St. Petersburg. The meeting is being attended by a Russian Federation government delegation led by chairman of Council of Ministers Viktor Chernomyrdin.

The declaration says that "state regional policy must, while radically reconstructing the tax and budget policy of the federal organs of power with the aim of raising the level of independence of the subjects of the Federation, also guarantee that opportunities for them to become economically and socially self-sufficient are optimally combined with regard for Russia's national interest."

The representatives of Russia's north-western regions consider it intolerable that the subjects of the Federation should alter their status unilaterally.

In order to end the political confrontation which is fatal to the integrity of Russia, and regularize the course of constitutional reform, they propose that the discussion of the draft of the new Constitution of the Russian Federation approved by the Constitutional Conference be held without delay, so that it may be adopted next year.

The declaration also notes that today regional and national separatism is being exploited as a tool in the political confrontation between the highest echelons of state power in the Russian Federation. It stresses that the present political situation in Russia is dangerously similar to the processes which led to the break-up of the USSR.

Yakutia To Introduce Currency if No Support From Russia

LD2707101893 Moscow Ostankino Television First Channel Network in Russian 0800 GMT 0800 GMT 27 Jul 93

[From the "Novosti" newscast]

[Text] It turns out that the recent exchange of old bank notes has produced reactions not only in the CIS. POSTFACTUM agency, quoting a source in the administration of the president of the Sakha-Yakutia Republic, reports that a project to introduce a national currency is being prepared in Yakutia. According to the same source, the Yakutia Finance Ministry will initial the project to introduce a national currency only if Yakutian President Mikhail Nikolayev does not manage to reach agreement in Moscow on comprehensive financing of the development of state installations on the republic's territory by the Russian Government and on Russian social support in the autonomous republic. The administration of the president of Sakha-Yakutia also believes that a national currency will naturally be backed up by gold to a greater degree than is the Russian ruble, which now no longer exists as the Russian unit of currency.

Militants Disarm Paratroopers in North Ossetia

LD2607100993 Moscow ITAR-TASS in English 0948 GMT 26 Jul 93

[By ITAR-TASS correspondent Roman Zadunayskiy]

[Text] Moscow July 26 TASS—Thirty eight Russian paratroopers were blocked and disarmed by militants in North Ossetia on Saturday.

The soldiers were returning to their unit from planned field exercises when they were blocked on a narrow mountain path by a group of 27 militants who demanded that they surrender their arms. The paratroopers' commander identified only as Lieutenant-Colonel Kukov decided not to risk his charges' lives and ordered them to hand in their arms.

The militants seized 27 AK sub-machine guns, two sniper rifles, seven grenade launchers, a machine gun, four radio stations and ammunition.

A special delegation of the regional military procurator and the military command has arrived in North Ossetia to investigate the incident and find ways to return the seized weapons.

Servicemen in Far East Still Unpaid for June

PM2607144793 Moscow KRASNAYA ZVEZDA in Russian 24 Jul 93 p 1

[Report by Valeriy Usoltsev: "Our Service Is Unpaid and Hard..."]

[Text] Khabarovsk—More than 90 percent of commissioned and warrant officers of air defense subunits stationed in the Far East have not yet received their pay for June; 12 percent have not yet received it for May.

The lack of money is preventing servicemen's families from leaving airfields in inaccessible regions, particularly in the North of the Far East, which have been victims of the cuts, in other words, are not being supplied with food, fuel, and so on.

International Affairs

Morozov Discusses Nuclear Arms With U.S. Officials

LD2707075993 Moscow ITAR-TASS in English 0650 GMT 27 Jul 93

[By ITAR-TASS correspondent Aleksandr Korolyov]

[Text] Washington July 27 TASS—Colonel General Kostyantyn Morozov, Ukrainian minister of defence, who had arrived here for an official visit, had a number of meetings with U.S. high officials on Monday [26 July].

In the Pentagon, Morozov was received by U.S. Secretary of Defence Les Aspin and held talks with Undersecretary of Defence William Perry. The talks became a continuation of the discussions which are under way between the United States and Ukraine since June this year when Mr Aspin visited Kiev, a Defence Department spokesman said.

The talks dealt with the dismantling of nuclear arms on the territory of Ukraine in the light of the Nunn-Lugar act according to which Washington assigns more than 400 million dollars to Russia, Ukraine, Kazakhstan, and Belarus for these purposes.

On the same day the Ukrainian defence minister met with Strobe Talbott, special advisor to the secretary of state on the new independent states. The agenda of the meeting included such items as a nuclear nonproliferation agreement, the status of nuclear warheads in Ukraine and the S.T.A.R.T. Treaty, State Department Spokesman Mike McCurry said. However, the spokesman declined to make any evaluation of discussions on the plea that the two sides "are holding delicate talks on the subjects."

Morozov also visited the White House, where he had a conversation with Anthony Lake, assistant of the U.S. President on national security affairs.

Military Denies Missile Carriers Sent to Russia

WS2707092793 Kiev UNIAN in Ukrainian 0450 GMT 27 Jul 93

[Text] Kiev - The Russian "Ostankino" television company reported at following the dismantling of 10 ballistic intercontinental RS-18 missiles conducted in the vicinity of Khmelnytskyy on 15 June, the missiles' nuclear warheads remained in Ukraine while the carriers were transported to Russia. A UNIAN correspondent was told in the Administration of Strategic Forces at the General Staff of the Ukrainian Armed Forces that the dismantling of the 10 missiles did take place, but their carriers were still in the silos. The reason for that is lack of consensus between the Russian and Ukrainian Governments over material and financial compensation for the transferred property.

Russian, Ukrainian MPs Meet on Sevastopol Resolution

LD2707110593 Kiev UNIAR in Ukrainian 0800 GMT 27 Jul 93

[Excerpt] Kiev, 26 Jul—An interparliamentary commission of Ukraine and Russia has held a session. Taking part on the Ukrainian side was Anatoliy Matviyenko (Kiev), head of the delegation; Bohdan Horyn (Lvov); Albert Korneyev (Donetsk); Volodymyr Sevastyanov (Simferopol); Valeriy Cherep (Donetsk); and Andriy Minyaylov, deputy to the Supreme Council of the Crimea. On the Russian side, there were Deputies Sergey Kovalev, Sergey Baburin, Mikhail Dmitriyev, and Viktor Sheynis.

The session participants exchanged opinions on the resolution of the Supreme Soviet of Russia on the status of Sevastopol, made on 9 July 1992 [as received]. Being aware of parliamentarians' responsibility for the preservation of good-neighborly relations between Ukraine and Russia, the session participants expressed concern over the aggravation of interstate relations. The Ukrainian side informed the Russian side about Kiev's official assessment of the aforementioned resolution—that it has no legal force and no legal consequences for Ukraine. The Ukrainian parliamentarians handed relevant documents to the Russian MPs.

The Russian side promised to bring Ukraine's position to the notice of the Supreme Soviet of Russia. Both deputies who support the Russian Supreme Soviet resolution and those who condemn it were present in the Russian delegation. Only Sergey Baburin supported this resolution. A communique, adopted at the meeting, indicates that both sides achieved an agreement to step up the activities of the interparliamentary commission on solving issues of bilateral relations. [passage omitted]

Belarusian Party Condemns Statement

LD2407130193 Kiev Radio Ukraine World Service in Ukrainian 0700 GMT 24 Jul 93

[Text] The council of the United Democratic Party of Belarus has issued a statement that says: The resolution of the Supreme Soviet of the Russian Federation in fact shows territorial claims toward Ukraine. This resolution plays into the hands of extremist forces both in Russia itself and in Ukraine and also in other states. It could lead to a general destabilization of the situation.

More Peackeepers Sent to Sarajevo

WS2607114193 Kiev UNIAN in Ukrainian 1813 GMT 23 Jul 93

[Text] Mykolayiv— More reinforcements for the Ukrainian peacekeeping forces located in Yugoslavia have been sent to Sarajevo in a military air transport IL-76 plane. All servicemen have been adequately trained in the Mykolayiv Military Training Center. The training

included such subjects as history and geography of Yugoslavia as well as general military practice.

Paper Details Mercenaries Fighting in Bosnia

AU2607120093 Kiev MOLOD UKRAYINY in Ukrainian 23 Jul 93 p 1

[Unattributed report published under the rubric "Fact"]

[Text] In 11 areas of Bosnia-Herzegovina, Russian volunteers are fighting on the Serbian side. Eight Chechens have been registered as fighting for the Muslims. Also on the Muslim side are mercenaries from Libya; there also are Afghan mojahedin and Austrians. On the Serbian side—Russians, Romanians, Bulgarians, Greeks, and Poles. Is this not like World War III?

Security Services Downplay Moldovan Border Incident

PM2607130693 Moscow IZVESTIYA in Russian 24 Jul 93 First Edition p 4

[Svetlana Gamova report: "Moldovan and Ukrainian Security Services on Border Incident"]

[Text] Chisinau—The press centers of the Ukrainian security service and the State Committee for Guarding the Ukrainian State Border have delivered a joint statement with the Moldovan National Security Ministry press service concerning the incident that occurred 19 July on the Moldovan-Ukrainian border.

By way of a reminder, this was the day that Ukrainian Border Post [zastava] No. 16 near the village of Nagornoye in Odessa Oblast was fired at. Unidentified persons opened fire on the border guards from a wheat field adjacent to the post, as a result of which one of them, Yu. Sherbachenko, died in hospital after being seriously wounded. According to eyewitnesses the attackers left for Moldovan territory after picking up the wounded soldier's weapon.

The Moldovan and Ukrainian security services stressed in their statement that "it is incorrect to regard the incident as a political or armed act by one side against the other."

Moreover, liaison between the two states' services is aimed at combating international terrorism and the narcotics business and is operating efficiently.

As regards the recent events, the statement notes that "joint operational measures are being carried out" during the investigation into the crime.

But the incident, because of its particular geography, still received a certain political slant. The point is that the 16th border post is located 15 km from the Ukrainian border port of Reni and 18 km from Moldova's southernmost point, the village of Dzhurdzhuleshty, beyond which lies Romania. This made it possible to classify the participants in the crime as people looking for weapons, which have lately been flooding across the border. Another incident that occurred literally right after the firefight at the 16th Border Post confirmed the probability of the conjecture put forward by the Moldovan Security Ministry. On this occasion there was an attack on Army depots located at the junction of Vinnitsa and Odessa Oblasts, not far from Moldova.

Israeli Ambassador Sees Good Prospects for Ties

WS2707065193 Kiev KHRESHCHATYK in Ukrainian 23 Jul 93 p 3

[Interview with Tzvi Magen, Israeli ambassador to Ukraine, by Svitlana Maydannyk; attributed to UKRINFORM: "Economy Is a Culmination Point"]

[Text] Tzvi Magen, 47, was appointed Israeli ambassador ton Ukraine. He is a historian and a former officer.

Svitlana Maydannyk, a correspondent of the Ukrainian State Radio and Television Company, asked him several questions.

[Maydannyk] Could you deny information spread by the "Ostankino" television company alleging that many candidates for the post of ambassador to Ukraine rejected it, fearful of radiation?

[Magen] I must say there were many candidates. The Israeli Foreign Ministry conducted a very careful selection process because our views on Ukraine have changed since it became an independent state. I am not saying this just because I was selected, but because I won a competition with very serious and important contenders. In addition, I am a father of four children. My eldest daughter serves in the Army, my son is finishing high school, and my four-year-old twins will join me and my wife in Kiev as soon as we settle in that city. I am not afraid of the ecological situation—there are so many people living there.

[Maydannyk] How do you know the Russian and Ukrainian languages?

[Magen] I need to refresh and improve my Ukrainian. My father was born in Pereyaslavl Khmelnytskyy. After the war—a Red Army soldier—he went to Siberia, where he met my mother, who came there from Poland. I was born in Siberia. Afterwards, my parents moved to Chernivtsi, where I went to school. This is why I know Ukrainian, Russian, and Polish.

[Maydannyk] When did you move to Israel?

[Magen] In the 1950's, our family emigrated first to Poland and then to Israel. My life then followed the pattern that was typical for all the Israelis. I lived on a kibbutz and served in the Army. Seven years ago, I retired at the rank of Lieutenant Colonel. Then I worked in the office of the prime minister in various capacities. I spent a year in Moscow, where I opened the Israeli Embassy.

[Maydannyk] A huge scope of work directed at establishing Ukrainian-Israeli relations is waiting for you ahead. Could you specify your priorities in this sphere?

[Magen] I thoroughly studied the Middle East issues, and am interested in the problems of the Slavic world and mutual contacts. I consider it a priority to put Ukraine on the list of Israel's foreign interests. We should tirelessly build our relations based not on emotions and feelings, but on our common interests and perspectives. We should broaden economic ties—this point is central to our relations—and should consolidate them. Incidentally, for the time being, I will handle these issues in the embassy on my own.

The world is changing, and I think that there are good prospects for versatile relations between Israel and Ukraine.

Polish Ambassador Presents Credentials to Kravchuk

WS2707105693 Kiev UNIAN in Ukrainian 1956 GMT 26 Jul 93

[Text] Kiev—On 26 July, Jerzy Kozakiewicz, Polish ambassador extraordinary and plenipotentiary in Ukraine, who has been charge d'affaires of the Polish Republic in our country for a long time, presented his credentials to Ukrainian President Kravchuk in the Maryyinskyy Palace. Following the ceremony, the president and ambassador held a friendly conversation devoted in particular to relations between the two countries.

National Assembly Sends Soldiers to Georgia

WS2707101893 Kiev UNIAN in Ukrainian 0450 GMT 24 Jul 93

[Text] Lvov—Yuriy Shukhevych, leader of the Ukrainian National Assembly [UNA] announced at the press conference that in his opinion, the Caucasian conflict "is not a war between Georgia and Abkhazia. The Georgians are fighting against regular Russian units." Shukhevych stated that the units of General Lebed, 14th Army, which had been sent to Abkhazia via Ukraine, were located in front of Georgian positions. "We will help any republic that will fight against the Russian empire," said Oleg Vitovych, regional commander of the Ukrainian National Self-Defense [UNSO] and oblast council deputy, "and do not be surprised when a UNSO combat unit appears, say, in Estonia." The first soldiers from the UNSO arrived on Georgian land in the beginning of July, said Vitovych. Only volunteers were shipped, but there were still many more willing to go. The shipment of units will continue. The UNA and the UNSO leaders stated that they will also create workers' committees at the factories and support independent trade unions. They warned that a social uproar is inevitable and everything will be done to transform this uproar into a national revolution.

National Affairs

Minister Views 'Ecological Danger' of Chernobyl

AU2707092693 Kiev UKRAYINSKA HAZETA in Ukrainian 22 Jul-4 Aug 93 p 4

[Article by Yuriy Kostenko, Ukraine's minister of environmental protection: "Ten Tonnes of Radioactive Death"]

[Text] UKRAYINSKA HAZETA has covered, in sufficient detail, the international competition of designs and technological solutions aimed at transforming the "Ukryttya" [Shelter] Facility of the Chernobyl Atomic Electric Power Station [AES], known as "The Fourth Unit Sarcophagus," into an ecologically safe system. The design "Resolution" won the first stage of the competition. Its team of designers includes a number of leading French and German firms, as well as Ukrainian organizations, in particular, the Kiev Polytechnic Institute, Ukrbud and Ukrmontazhspetsbud [construction organizations].

In this article, I want to discuss the ecological danger presented by the sarcophagus—the protective reinforced concrete structure with a total mass of 25,000 tonnes around the destroyed fourth power unit of the Chernobyl AES. As minister, I am quite worried about its content and state. When this structure was built in conditions of a high-radiation field, it was not possible either to adhere to the normative requirements for fixing bearing structures or to control the quality of assembling operations. The main bearing elements of the "Ukryttya" lie on structures that remained after the reactor exploded. It is impossible to carry out a final examination of the reliability of either the former or the latter or to monitor changes in their state owing to the radiation situation and to obstacles in the form of accumulations of debris. Therefore, sudden displacements and destruction of structures that are directly connected with the bearing are possible. All of this may cause considerable sections of the structure to collapse with all the consequences that will be dealt with later in this article. The same consequences may be expected in the case of the collapse of the upper 3,000-tonne slab of the reactor's biological protection that was torn off by the explosion and hangs, like the sword of Damocles, over the destroyed reactor.

During the construction of the sarcophagus, a considerable mass of concrete flowed into the destroyed structure, and, together with the accumulations of debris, it prevents access to many of the facilities and there are fuel masses buried under it. This is one of the reasons why, to this day, no precise data may be obtained on the distribution or quantity of nuclear fuel buried there.

Estimates suggest that the sarcophagus contains a maximum of about 190 tonnes of nuclear fuel. This is in different forms: In the form of remains and fragments of the reactor's active zone, in the form of slag-like glass and pumice lava that melted during the accident and later solidified, and in the form of particles whose size

varies from 4 to 40 microns. However, a great part of them are of micron size or smaller and present a special threat owing to the high mobility of these particles and the possibility of them being inhaled into human lungs.

A certain amount of fuel is stored within the active zone and the rest is distributed throughout the sarcophagus both in the state of concentrated radioactive mass (lava flows) and that dispersed in the concrete, the buildings, sand and gravel, as well as in other materials with a total mass of more than half a million tonnes.

Today, the reserves of fuel and radioactive materials in the active zone are responsible for generating between 50 and 70 kilowatts of heat, which reaches a temperature, according to experts, of 200 degrees centigrade. The temperature differences, the radiation, and, in particular, the radiolysis of water, as well as possibly other as yet unidentified factors, lead to an extremely fast breakdown of the lava and to an accumulation of radioactive dust. A considerable mass of nuclear fuel has become transformed into an estimated 10 tonnes of radioactive dust. This dust, together with other factors, such as the movement and concentration of nuclear masses inside the sarcophagus, something that may lead to a nuclear chain reaction, presents enormous ecological dangers. This is because, in the specific conditions in which the sarcophagus was built, a great quantity of cracks and gaps with a total area of 1,000 square meters have remained in it. For that reason, even if we leave aside possible earthquakes and storms, the sudden falling of construction units inside the buildings may lead to a release of clouds of radioactive dust outside the building, something that, as already stressed, is quite possible in a structure that is not up to date in design and has been damaged by the explosion.

There is yet another way in which radioactivity may escape into the environment—in water that enters the sarcophagus as snow and rain and then oozes from it. Studies suggest, in addition to the destruction of the lava-like masses and the creation of dust, that new water soluble compounds of uranium and plutonium form at the surface under the effect of radiation and processes of atmospheric oxidation. These compounds are characterized by increased solubility and migration capability and are leaked out in water.

Consequently, the existing sarcophagus with its nuclear filling is an ecologically dangerous system.

The adoption of a decision regarding the choice of the main way to transform the sarcophagus into an ecologically safe system must be based upon understanding this and taking it into account. The potential nuclear and radiation dangers to the environment presented by this facility will remain as long as it contains nuclear fuel and other radioactive substances in an uncontrolled state. In accordance with physical laws, this may be for thousands or hundreds of thousands of years.

It is not Ukraine's fault and Ukraine cannot tolerate the fact that, as a result of the worldwide nuclear experiment on its people and their descendants, the eternal threat of ecological disaster hangs over it. It has the right to expect understanding and assistance on the part of international organizations and individual countries of Europe and the world.

It is true that so far, some of them, for example the International Atomic Energy Authority, stick to the position of disinterested observers or even oppose attempts to heal this nuclear wound on the body of our country and of the entire European continent, claiming that Ukraine does not really need assistance, but is begging and profiteering from the Chernobyl catastrophe.

If we occupy a principled position and do not rest content with taking "well-wishers'" advice on temporary (in reality just "cosmetic") solutions that may lead to a situation where we may find ourselves face to face with a new disaster, it is necessary to start fully dismantling and cleaning the fourth unit of the Chernobyl AES and removing from it all radioactive substances for their organized burial and controlled storage. Also taking into account the huge masses of radioactive substances within the sarcophagus, of special significance is the experience of dealing with it and making use of advanced technologies to extract, process, separate, package, store, and bury the radioactive waste. The majority of these operations must be carried out by remote control. The work must be conducted in an ecologically safe shelter ("Ukryttya-2"); other ecological measures must also be adhered to, for example, the use of an impermeable curtain (wall) in the soil that would not allow the release of radionuclides into the environment and under corresponding dosimetric and radiometric control.

The "Resolution" design envisages the construction of "Ukryttya- 2" as a plant for dismantling and subsequent remote-control development of the existing sarcophagus and the enclosed fuel masses and radioactive materials.

T:.us, technological ways of resolving the problems associated with the Chernobyl AES have been proposed. The implementation of the project will also enable Ukraine to become gradually integrated into international scientific and technological cooperation, attract international investment, obtain access to the most up to date technologies, and resolve problems of the employment and social protection of the population of the town of Slavutych.

It is now important to implement the project, and it may be done, but on one condition only: The construction of this facility, which is vitally important for Ukraine, must not be marred by political speculations and the main goal—to transform "Ukryttya" into an ecologically safe structure—must not become a mirage as in the case of the RBMK-type reactor's safety.

Sevastopol City Council Recognizes Ukrainian Laws

WS2607114493 Kiev UNIAN in Ukrainian 1813 GMT 23 Jul 93

[Text] Sevastopol—An extraordinary session of the Sevastopol City Council has adopted a declaration that confirms the validity of Ukrainian laws in the city. People's deputies have declared illegal the Russian People's Council formed at the so-called people's meeting and have requested the Ukrainian and Russian leadership to stop any movements of military units (?in the vicinity of) Sevastopol. The session has refused to press criminal charges for organizing illegal gatherings against Aleksandr Kruglov, the leader of local National Salvation Front and people's deputy of the Crimean Republic and the Sevastopol City Council. The deputies have decided that on 26 September, the day of the all-Ukrainian referendum, a poll on the status of the city will also be held.

Crimean Ukrainians Unite To Protect Rights

WS2707105393 Kiev UNIAN in Ukrainian 1956 GMT 26 Jul 93

[Text] Yalta—The Ukrainians living in the southern Crimea held their congress in Yalta on 25 July. More than 500 delegates from Yalta, Alushta, and Crimea's other coastal cities as well as numerous guests discussed the situation on the peninsula, problems of the restoration of Ukrainian culture and national education, and the way the media cover the events. They adopted an appeal to the Ukrainian population in southern Crimea calling for national consent and friendship in the Crimea, and a declaration evaluating the work of the Crimean Government that, as the document emphasizes, instead of resolving economic problems, "focused on the issues of self-preservation and separatism." A separate declaration was dedicated to the information blockade of the Ukrainian radio and television on the southern coast of the Crimea. The document stressed that the media create an unfavorable attitude toward the Ukrainian policies by providing biased information to the Crimean residents. The Congress demanded that the Ukrainian president stop the blockade. To rally the democratic forces, it was decided to create a Coordinating Council of Ukrainians of the southern Crimea that would promote Crimean unity with Ukraine, the implementation of reforms, the maintenance of peace and national accord, and the restoration of Ukrainian culture, and ensure the social and legal protection of the Ukrainians that inhabit the southern Crimea.

Donetsk Counts Losses From Last Strike

LD2707100493 Moscow ITAR-TASS in English 0946 GMT 27 Jul 93

[By UKRINFORM correspondents Mikhail Kononenko and Nikolay Stolyarov for TASS]

[Text] Donetsk July 27 TASS—The Donetsk Department of Statistics has counted the losses resulting from the last regional strike, in which 175 enterprises and organizations took part.

There were 119 coal pits, ten engineering and four metallurgical works, 24 construction and five motor-transport companies on strike, with the number of strikers totalling about 121,600.

The losses of working time reached 1,3 million man-days and products worth 57,9 billion karbovanets (Ukrainian national currency) failed to be turned out.

Nonetheless more than five billion karbovanets were paid to the strikers during the stoppage.

Moldova

Snegur Accuses Russian Leaders of 'Unpredictable Steps'

LD2607203093 Moscow ITAR-TASS in English 2020 GMT 26 Jul 93

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[Text] Chisinau July 26 TASS—"The confrontation of various branches of power and the unpredictable steps of certain leaders of the Russian Federation are telling negatively on the situation in Moldova and other countries of the former Soviet Union," said President Mircea Snegur of Moldova in a televised speech on Monday [26 July].

The incident with "the Central Bank's decision is a vivid example", he said.

In his opinion, Moldova's great dependence on the power resources of Russia and other CIS countries and the blocking of mutual settlements between the two parties have affected the Moldovan economy very badly.

However, it would be a mistake to overrate the role of these factors, he added. Quite a lot depends on consistency in the implementation of economic reforms in the republic.

To overcome the crisis, it is necessary to introduce a national currency until the end of the year, to reform the crediting, banking and taxation system, to improve on the foreign economic relations and to guarantee the population a system of social security, he said.

Snegur Issues Decree on Withdrawal of Rubles

AU2707115193 Chisinau BASAPRESS in English 1800 GMT 26 Jul 93

[Text] Chisinau, BASAPRESS 26/7/1993—The Decree of the president of Moldova regarding the extraction of bank bills worth 200, 500, 1,000 and 5,000 rubles, printed in 1992, became valid today at midnight. It was made "due to the decision of the Russian Central Bank to extract bank bills emitted between 1961 and 1992 and also for the purpose of protecting the market." The Decree accepts the proposal of the Moldovan National Bank to stop receiving these bills as payment means starting with 0000 hours July 26, 1993. All the payments will be made in Moldovan coupons and rubles denominated at 1, 3, 5, 10, 25, 50 and 100. According to the decree, Moldovan citizens with permanent residence visas will store their money at the Bank of Savings and other banks. "The reception of money will be unlimited, while more than 50,000 will be available if a declaration on the source of incomes is presented to fiscal bodies until 9 August 1993. The requests for this declaration are received on 26 and 27 July." Enterprises, organizations and institutions will store their amount of cash rubles in banks on 26 July 1993. They will present the declaration of incomes to fiscal bodies on the 26 and 27 July.

Snegur: Social Problems Must Remain 'Priority'

AU2707114993 Chisinau BASAPRESS in English 1800 GMT 26 Jul 93

[Text] Chisinau, BASAPRESS 26/7/1993—We don't wish to reach just a market economy, but a modern and efficient economic policy with a well-shaped social orientation, stated today President Mircea Snegur, during his direct television dialogue with spectators of the national Television. Social problems, the protection of poor categories "must remain an item of priority, since the increasing pauperisation destroys the trust in the state power, in its ability to stop the fall and improve the evolution of things," the President stated. According to Mr. Snegur, the causes of the deepened crisis are the too large dependence of economy on the imports of raw material and energy resources, the huge rise of prices for imported products, the locked inter-state accounts, some natural calamities and other ones, like the decision of the Russian National Bank to extract money bills out of circulation, etc. Stressing that the presidency is attentive to the fight against corruption, to "the attempts of some responsible persons to privatize their posts, to get profit from illegal protection or from their direct involvement in commercial structures," Snegur mentioned that the results of such a control will be soon published. "Necessary measures will be applied to those for whom the existence of law means not its fulfillment" Snegur said.

Russia To Grant 50 Billion Ruble Credit for Fuel

AU2707115593 Chisinau BASAPRESS in English 1800 GMT 26 Jul 93

[Text] Chisinau, BASAPRESS 26/7/1993—The refusals to consult the Parliamentary Commission for Financial and Bank Problems have become a bad tradition for some governmental structures, stated today the weekly KOMMERSANT MOLDOVY (Businessmen of Moldova), quoting Mihal Patras, the commission's chairman. Patras stated that, for instance, he was not aware of the size of Russia's technical credit for Moldova. On the other hand, Sergiu Certan, minister of economy, believes the parliament had been well informed about the planned Russian credits. Certan explained that this credit was not yet granted officially, but it is foreseen that Moldova would receive some 50 billion rubles. Most part of the credit will be used for the purchase of fuel. In the period of February-April 1993 only, Moldova's debts to Russia were 36 billion rubles. According to Patras, the "scandal credit," recently granted by parliament to some ministries is not confirmed by rigorous calculations even today, the quoted source mentions.

IMF Official Approves Chisinau's Economic Reform Program

AU2407155993 Bucharest ROMPRES in English 1328 GMT 24 Jul 93

[Text] Bucharest, ROMPRES, 24/7/1993—The head of the International Monetary Fund mission to the

Republic of Moldova, John Alding Smith, approved of the programme of economic reforms of the government in Chisinau. He has told journalists accredited to the Moldovan capital that the programme is apt to speed up the privatisation process and will help instate the market relations. He has informed that Moldova is to be granted a four-ten years credit for economic restructuring and the creation of its national currency.

National Bank Head Views Transition to National Currency

AU2607123693 Bucharest Radio Romania Network in Romanian 1100 GMT 26 Jul 93

[Mircea Nicolae Nastase report from Chisinau]

[Text] The special commission set up by the Moldovan government has held its first meeting this morning to discuss the way in which the decree issued by President Mircea Snegur [banning the circulation of old Soviet currency issued until 1993] should be put into practice.

Last night Moldova's national television and radio began briefing the population on the measures contained in the abovementioned decree.

The impact of these measures on the population is not expected to be very serious because—as opposed to other republics in the ruble zone—approximately 90 percent of the currency now in circulation in the Republic of Moldova is made up of coupons issued by its national bank.

According to public opinion in Moldova, Russia's sudden action will speed up the introduction of Moldova's own national currency. However, as Leonid Talmaci, the governor of the National Bank of the Republic of Moldova has told us, there are two groups of problems that should not be overlooked during the transition period to the national currency, the Moldovan lei.

[Begin Talmaci recording] The first group consists of the problems related to the eastern rayons of the Republic of Moldova [the self-styled Dniester Republic] which until now have not acknowledged the coupons issued in Moldova.

The second group consists of problems regarding our macroeconomic policy. In this respect I very much hope that the leaders of companies in our national economy would make it possible for us to introduce a healthy national currency, that is [words indistinct].

I also hope that the financial agreements we have concluded with various international financial organizations, such as the World Bank, will allow us to introduce our own national currency by the end of this year. [end recording]

Let me also mention the fact that, in the opinion of many Chisinau officials, the Russian Central Bank's step will probably lead to a change in general opinion as to whether to include the issue of Moldova's ratification of the treaty to join the CIS on the agenda of the parliament's 3 August extraordinary session.

Sangheli Tours Economic Units To Discuss Work

AU2607164893 Bucharest ROMPRES in English 1418 GMT 26 Jul 93

[Text] Bucharest ROMPRES 16/7/1993—On the eve of the extraordinary session of the parliament of the Republic of Moldova, Premier Andrei Sangheli is taking a fact-finding tour of various economic units of the republic. He has been visiting so far industrial units of Chisinau and farm and industrial units of the Cimislia and Basarabeasca district centers, in the south of the republic. In his talks, the premier approached patterns of optimizing work in the conditions of a market economy, in order to enable a full employment of the technological and human potential.

The main subject of the parliament's extraordinary session on August 3, will be the economic situation of the republic and the program of economic reforms meant to speed-up the transition to the market economy. Another subject which could be considered is the ratification of the association agreement to the Commonwealth of Independent States as long as the parliamentary commissions consents to that.

Sangheli, Romanian Envoy Discuss Economic Cooperation

AU2707142593 Bucharest ROMPRES in English 1307 GMT 27 Jul 93

[Text] Bucharest, ROMPRES, 27/7/1993—Radio Bucharest correspondent to Chisinau informs that Premier Andrei Sangheli of the Republic of Moldova had Monday, 26 July, an interview with Romania's ambassador to Moldova Marian Enache for a discussion on the concrete aspects of the economic cooperation between the two states, especially subsequent to the recent visit to Bucharest of Moldovan President Mircea Snegur.

After the interview, Ambassador Enache told the news programme of Radio Bucharest that he had he seized the opportunity of the meeting with Prime Minister Sangheli to stress "the real offer Romania makes to Moldova in point of economic assistance," and to tackle "the latest key points in the concept of a more practical, more realistic approach of a wider communication scheme between Romania and the Republic of Moldova in all spheres," as well as more effective mechanisms for the translation into fact of the objects stated in the protocol signed in Chisinau on 28 June 1993.

Premier Sangheli, referring to President Snegur's visit to Bucharest, said that it had "reached its aim" and that several problems had been given "a concrete touch, at the highest level."

Lucinschi, Banking Experts Discuss Price Liberalization

AU2707115793 Chisinau BASAPRESS in English 1800 GMT 26 Jul 93

[Text] Chisinau, BASAPRESS 26/7/1993—The creation of stock enterprises is of a huge necessity in Moldova. In this case, the state will not interfere into their activity and it won't have to solve their problems. No more licences will be needed, as they became a brake for the economy; corruption in this field will disappear by itself, states NEZAVISIMAYA MOLDOVA" (Independent Moldova), referring to the recent meeting of Petru Lucinschi, parliamentary chairman, with bank leaders. The Moldovan leadership should continue the liberalization of prices, no matter how unpleasant this measure is. Stopping this operation, like a surgical one, means death. The inflation will destroy everything, the bankers believe. The bankers understand each other much better than politicians, the newspaper asserts. Some leaders of banks from the Dniester and Gagauz zones have also participated at the meeting. They pleaded for an unique banking system of Moldova.

Prices Rise 369 Percent in Six Months

LD2707132293 Moscow ITAR-TASS in English 1247 GMT 27 Jul 93

[MOLDOVA PRESS for TASS]

[Text] Chisinau July 27 TASS—According to statistics released by the state department of Moldova, the price growth rate was 369 per cent within a six-month period this year, while last year it stood at 866 per cent during the same period of time.

Food prices increased ninefold and more in one year. Millet, for instance, has become 26 times more expensive and rice 27 times.

Moldova Considers Russian Resolution on Sevastopol 'Illegal'

WS2607144193 Kiev UNIAN in Ukrainian 0450 GMT 24 Jul 93

[Text] Chisinau—On 23 July, Ukrainian Ambassador in Moldova Vitaliy Boyko met with Petru Lucinschi, head of Moldovan legislature, and explained Ukrainian policy toward the Russian Supreme Soviet resolution on the Sevastopol status. He also informed his counterpart about the results of the U.N. Security Council debate on this issue. Lucinschi underlined that Moldova approves of the U.N. Security Council statement, considers the Russian Supreme Soviet resolution illegal and inconsistent with international norms, believes that it is a breach of the agreement between Ukraine and Russia, and supports Ukrainian policy on the Sevastopol issue.

Transportation Agreement Reached With Kazakhstan

LD2307135993 Moscow ITAR-TASS in English 1307 GMT 23 Jul 93

[By MOLDOVA-PRESS for TASS]

[Text] Chisinau, July 23 TASS—Moldovan and Kazakhstan Transport Ministries have signed a cooperation agreement. Moldova has undertaken obligations to supply Kazakhstan with motor vehicles for this year's harvest.

Kazakhstan will pay two tonnes of wheat to any Moldovan drivers for work in Kazakhstan during the harvest.

Dniester Weapon Manufacturing Plants To Resume Production

AU2407160993 Bucharest Radio Romania Network in Romanian 1000 GMT 24 Jul 93

[Text] Our correspondent Mircea Nicolae Nastase reports from Chisinau that during a meeting of representatives of enterprises that have the potential to manufacture weapons in the town of Ribnita, a locality that belongs to the self-proclaimed Dniester Republic, a decision was made to resume the production process.

The announcement was broadcast by MOLDOVA PRESS, which quotes unattributed sources. According to the same sources, the government of the so-called Dniester republic allocated the necessary funds to update the arms production that was suspended after the outbreak of the armed conflict on the left bank of the Dniester River.

Drug Smuggling Activity Reported

AU2607170193 Bucharest ROMANIA LIBERA in Romanian 21 Jul 93 p 16

[Mihai Vicol report: "They Are Growing Cannabis and Poppy To Produce Narcotics"]

[Text] The infraction of drug trafficking is not penalized in Moldova beyond the Prut River [Republic of Moldova] because there is no such article in the penal code of that country. As a consequence of this, a number of 1,300 drug trafficking cases have been recorded throughout the Republic. The number of drug addicts has also doubled as compared to last year, currently reaching 1,042 persons. Other sources assess that the real number of drug addicts amounts to 20,000.

Secret laboratories set up to process synthetic narcotics have been discovered in several localities situated in the northern part of the country. The town of Soroca ranks first as far as drug trafficking is concerned, owing to the numerous Gypsy population that smuggles the raw material from the Middle East and the Caucasian region. The Gypsies also grow cannabis and poppies. Some of them have begun to cross the Prut River [entering Romania] to sell their merchandise there. The Romanian customs authorities ought to be more cautious whenever dealing with the "colored people" coming from Moldova.

The Ministry of Interior of the Republic of Moldova is making efforts to coordinate its activity of fighting drug trafficking with competent bodies of the CIS and with Interpol.

Decree Appoints Gherasim Transport Minister

AU2707115393 Chisinau BASAPRESS in English 1800 GMT 26 Jul 93

[Excerpts] Chisinau, BASAPRESS 26/7/1993—Boris M. Gherasim was appointed by a presidential decree as minister of transports on 7 July 1993. He was born in 1953 in the village of Arlonesti, Donduseni region. He is a graduate of the faculty of Urbanistics and Architecture of the Chisinau Polytechnic in 1978, specialised as engineer. Between 1981 and 1983 he used to lead the direction for exploitation of roads in Donduseni. From 1983 to 1987 he had activated as engineer-in-chief. [passage omitted] Since 1987 he leads the Trust for Road Construction in Balti. [passage omitted]

Kyrgyzstan

Troops Sent to Tajik-Afghan Border

NC2407162493 Paris AFP in English 1544 GMT 24 Jul 93

[Text] Bishkek, July 24 (AFP)—Kyrgyzstan has sent 400 troops to the Afghan-Tajik border where Tajik rebels and Afghan mojahedin were reportedly massing for a new offensive, the former Soviet republic's President Askar Akayev said.

"We are very concerned about the situation on the Tajik-Afghan border," Akayev told AFP in an interview Friday [23 July]. He spoke in this capital city of Kyrgyzstan, which lies due north of Tajikistan.

He said his government had sent an infantry battalion to the northeast border area of Afghanistan in the past two days.

Akayev said it was in his government's interest to defend the border because the only road out of the northwest Afghan province of Gorno-Badakhshan passes through Osh, the capital of western Kyrgyzstan.

The president said that trouble on the border, where fundamentalist Tajik rebels and Afghan mojahedin have been raiding Tajik border posts and villages, could "stimulate trade in drugs and weapons, and worsen the whole central Asian situation."

Meanwhile, the ITAR-TASS news agency quoted the general staff of the Russian army, which has deployed a 200-strong tank division in Tajikistan, as saying Saturday that it expects some 800 Tajik rebels and mojahedin to launch a big offensive in the next few days.

The rebels would try to cross the border from northern Afghanistan to link up with an estimated 1,000 guerrillas—armed with U.S. ground-to-air Stinger missiles—in the Tavildara region, the general staff said.

The rebels are continuing to fire mortar shells at Russian-manned border posts in the area, the staff added.

The Islamic Tajik movement has been waging a guerrilla war against the pro-communist government in Dushanbe since it was driven out of power by a Russian-backed campaign last year.

Russia has deployed 3,500 border guards on the Afghan-Tajik border under an agreement reached last year by the Commonwealth of Independent States to keep out the Tajik rebels and halt drug and arms trafficking.

Government Signs Consumer Rights Agreement With Russia

PM2107100193 Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 93 p 1

[Viktor Kuskov report under the "Agreement" rubric: "Consumer Rights Everywhere"]

[Text] The governments of the Russian Federation and the Republic of Kyrgyzstan have signed an agreement on cooperation to protect consumers' rights in Bishkek.

The two sides have agreed to coordinate their policy and practical activity. Among other things, the agreement envisages joint participation in forming spheres of production and distribution and offering encouragement to the best entrepreneurs. Particular attention has been devoted to cooperation in the struggle against unscrupulous business practices by manufacturing enterprises.

Both governments intend to create conditions for a fuller implementation of legislation on protecting consumers' rights within the limits of competence of state administrative organs, formulate and implement national and joint programs to inform and educate consumers, and actively encourage the setting up and development of public consumer organizations. Any contentious issues arising will be examined by a bilateral commission that is being formed.

This agreement has been concluded with the Republic of Kyrgyzstan precisely because it was the first CIS country to adopt a Law "On Protecting Consumers' Rights"." At the present time similar laws have also been adopted in Ukraine and Kazakhstan. And the Russian Antimonopoly Committee is working with representatives of the executive branches of these states to prepare similar intergovernmental agreements.

Tajikistan

Foreign Ministry Demands Afghanistan Halt Border Attacks

LD2607164693 Dushanbe Radio Dushanbe Network in Tajik 1000 GMT 26 Jul 93

[Text] A briefing concerning the Tajik-Afghan border violations was held yesterday for local and foreign mass media reporters in the Ministry of Foreign Affairs of the Republic of Tajikistan. Here is what Zafar Saidov, head of the Information Department, told our correspondent:

[Saidov] The Ministry of Foreign Affairs of the Republic of Tajikistan has sent a note to the consulate of the Islamic State of Afghanistan. This document says in particular that according to available data the fighters of terrorist groups who are concentrated in several settlements of the northeastern provinces of the Islamic State of Afghanistan, with the support of formations of the Afghan field commanders, are concocting plans for armed actions against the Russian border posts with the aim of breaking through deep into the territory of Tajikistan. In particular, an aggressive attack in the Ishkashim direction of the state border is being prepared.

In this connection, the Ministry of Foreign Affairs of the Republic of Tajikistan has declared that the terrorist groups who are in Afghanistan [words indistinct] must

shoulder the entire responsibility for the escalation of armed tension and its consequences on the border.

The Ministry of Foreign Affairs demands on behalf of the government of the Republic of Tajikistan that the Afghan authorities take urgent and effective measures on stopping the aggressive attacks and senseless bloody clashes. The Tajik side expresses the hope that despite the opposition of certain forces in Afghanistan, reason will finally prevail and the Tajik-Afghan border will be a border of friendship and good-neighborliness, a border of tranquillity and cooperation.

Afghanistan Denies Involvement in Attacks

LD2707081193 Moscow ITAR-TASS World Service in Russian 0530 GMT 27 Jul 93

[By ITAR-TASS correspondent Boris Sitnikov]

[Text] United Nations, 27 Jul—Afghanistan denies involvement in the bandit-like attack on Russian border guards and calls for a peaceful settlement of the border problem with Tajikistan. This is stated in a letter from Afghan Foreign Minister Hedayat Amin Arsala circulated at the UN headquarters as a Security Council document.

In the document, the protests contained in the statement of the Russian Foreign Ministry and reiterated in the statement of the Tajik Council of Ministers are rejected. "Afghanistan decisively refutes the assertions that Tajik refugees are undergoing training and are being armed in Afghanistan and sent to Tajikistan to carry out acts of sabotage," it points out in the letter. "The accusation that the Islamic State of Afghanistan is somehow involved in so- called attacks is completely unfounded."

"The continuing deployment of the Armed Forces of the Russian Federation and of other CIS countries near the border with Afghanistan" is assessed in the document "as a manifestation of an unfriendly attitude towards Afghanistan." Arsala has pointed out that "the artillery bombardments of the territory of Afghanistan under a groundless pretext" "may lead to a fresh spiral of enmity in relations between the two countries." It is noted that to restore national reconciliation in Tajikistan "an accord has been reached on the setting up of a quadripartite commission consisting of Afghanistan, Tajikistan, Uzbekistan, and the Russian Federation to study and examine the situation in connection with quests for a fair and stable solution of the problems."

In the view of Afghanistan, the true reason for the tension which has recently arisen mainly results from the refugee problem. "The Islamic State of Afghanistan has regarded and continues to regard it as its moral duty to render humanitarian aid to the approximately 90,000 Tajik refugees," it says in the document. The Afghan foreign minister has expressed the hope that "the United Nations will urgently study the situation that is taking shape and apply efforts aimed at ensuring the return of Tajik refugees to their homes in safe conditions and in a dignified manner."

Situation Along Afghan Border 'Remains Tense'

PM2607155393 Moscow Russian Television Network in Russian 1000 GMT 22 Jul 93

[By M. Chernobrovkina; from the "Vesti" newscast]

[Text] [Announcer] According to an ITAR-TASS report, the situation on the Tajik-Afghan border remains tense. Reinforcement of border posts is continuing with the help of subunits of the Russian 201st Motorized Rifle Division. Particular attention is being paid to locations where breaches of the border by armed formations from Afghanistan are most likely.

[Chernobrovkina] Furthermore, the INTERFAX Agency, citing informed sources in Moscow and Dushanbe, reports that the Russian 201st Division launched an artillery attack this morning in the area of the No. 11 border guard detail against enemy fire positions. This action was taken in response to the barrage from Afghan territory last night. The Moskovskiy Detachment's No. 5 border guard detail also came under fire at that time.

Border guards report that two reconnaissance groups of gunmen numbering up to 20 people have been observed in the immediate vicinity of the border.

Spokesman Details Fighting

LD2707101493 Moscow ITAR-TASS in English 0955 GMT 27 Jul 93

[By ITAR-TASS correspondent Roman Zadunaiskiy]

[Text] Moscow July 27 TASS—There was a relatively calm situation on the Tajik-Afghan border at night and on Tuesday [27 July] morning, a spokesman in the press service of Russian border troops told ITAR-TASS.

At the same time, according to border guards, on Monday [26 July] afternoon and Monday night the 201st Motorised Rifle Division of Russian troops fired from the positions of the 11th border picket of the Moskovskiy border detachment on militant groups that tried to cross the Pyandzh River, as well as on opposition militants and mojahedin at a strength of 100 who massed in the rear area of the 11th border picket. They were armed with small arms and mortars.

Militants fired on a Russian border patrol helicopter which sustained puncture holes and had to make an emergency landing at the 10th border picket.

No one was hurt among Russian servicemen. Losses sustained by militants and mojahedin are being specified.

Kyrgyz Battalion Arrives

LD2607143393 Moscow ITAR-TASS World Service in Russian 1125 GMT 26 Jul 93

[By ITAR-TASS correspondent Boris Maynayev]

[Text] Bishkek, 26 Jul—A Kyrgyz battalion has begun guarding the Afghan-Tajik frontier, having been flown to Osh this morning by military aircraft. During the night of 28 July, the 500-strong battalion will move to Khorog-Ishkashim. It will be quartered at two frontier posts of the Ishkashim and Murgab detachments.

The battalion has been formed from volunteers on a contract basis, with a three-month contract for officers and a six-month contract for the men.

Russian Troops Assess Role

LD2707090093 Moscow ITAR-TASS World Service in Russian 0730 GMT 27 Jul 93

[By ITAR-TASS correspondents Galina Gridneva and Yuriy Tyssovskiy]

[Text] Dushanbe, 27 Jul— "We should not leave. Withdrawing border troops from the Tajik-Afghan border is fraught with serious consequences for the internal stability of the republic. We must bear the full impact to prevent large-scale bloodshed."

This is the unanimous opinion of officers and soldiers of the 10th and 11th border troop subunits on the Pyandzh river, which were visited by the ITAR-TASS correspondents along with a group of foreign journalists. We stress that we have not come across a single person from the personnel of these "hot spots" who holds the opposite opinion. At the same time, young men of 19 or 20 years of age with some experience behind them have soberly decided that the main emphasis must not be placed on force but on a political settlement of the problems inside Tajikistan. As for the unseemly role of certain representatives of the Afghan authorities who support the militants penetrating into the territory of Tajikistan, in their opinion, diplomacy by Russia and Tajikistan's immediate neighbors, who are vitally interested in the stability of the entire region, should play the decisive role here.

Rakhmanov Discusses Border Situation With U.S. Ambassador

LD2607185893 Dushanbe Radio Dushanbe Network in Tajik 1700 GMT 26 Jul 93

[Text] On 25 July Imamali Rakhmanov, chairman of the Supreme Soviet of the Republic of Tajikistan, received Mr. Stanley Escudero, ambassador extraordinary and plenipotentiary of the United States of America in Tajikistan. They discussed the situation on the border between Tajikistan and Afghanistan and the international aspects of the issue.

The U.S. ambassador said that his country is interested in developing economic cooperation with Tajikistan and is also ready to extend humanitarian assistance in the future. During the talks views were exchanged on the issue of a meeting between the heads of state of Tajikistan and the United States, which will play a great role in expanding all-round relations between the two countries.

Government To Give Aid to Families of Killed Russian Troops

LD2607164793 Moscow Mayak Radio Network in Russian 1430 GMT 26 Jul 93

[Text] The Supreme Soviet Presidium and the Council of Ministers of Tajikistan have adopted a resolution on rendering extraordinary material assistance to the families of servicemen in the Russian Federation border troops who died defending the Tajik-Afghan border. In accordance with this resolution, the families of 24 Russian servicemen who died in July this year during combat operations to eliminate the breach in the Tajik-Afghan frontier on the Moskovskiy border detachment section, are to receive material assistance of 50,000 rubles per family.

Government Agrees 'To Remain in the Ruble Zone'

LD2607140293 Moscow Mayak Radio Network in Russian 1000 GMT 26 Jul 93

[Text] The Tajik Government has agreed in principle to remain in the ruble zone. A package of documents on credit and monetary relations with Russia has been signed. The government and the National Bank of Tajikistan have confirmed their responsibility for the money received earlier from the USSR State Bank and the Russian Central Bank, and also for sums of money that will be granted to Tajikistan by the Russian bank in the future. The Russian bank undertook to satisfy the Central Asian republic's cash demands.

The Tajik Government acknowledged in a special agreement its debt to Russia of 49 billion rubles, which is also registered in U.S. dollars—$80 million. It is to be paid off between 1996 and the year 2000.

Turkmenistan

New Currency To Be Introduced in October

LD2607141393 Moscow ITAR-TASS World Service in Russian 1106 GMT 26 Jul 93

[By ITAR-TASS correspondent Lyudmila Glazovskaya]

[Text] Ashgabat, 26 Jul—Turkmenistan will introduce its own national currency unit, the manat, in October. This was announced at an all-Turkmen conference today by President Saparmurad Niyazov. Referring to the problems with the withdrawal of the old Russian bank notes, he said this situation, despite its unexpectedness

and the loss it has inflicted on Turkmenistan's economy, has not been the decisive factor in the timing of the measure.

However, Niyazov admitted that he has had to change his tactics regarding the preparations and the present currency circulation. The old Russian rubles will remain the chief means of payment within the republic pending the introduction of the manat, taking on the role of a temporarily national currency. As for the citizens of Turkmenista. , said the president, all their ruble savings will be exchanged for manats. He called on his fellow-citizens not to panic and not to hoard goods, as was already beginning to happen, but to put their money in the savings banks so that when the new currency is introduced, the amount of such monies can be determined and the exchange procedure facilitated. Citizens of Turkmenistan who travel outside the republic will also not suffer. Until the new currency is introduced, they will be able to change as much money as they need.

All operations relating to mutual accounting with Russia will be adjusted at forthcoming talks. A Turkmen delegation will be leaving for Moscow today. As for relations with Russia, the Turkmen head of state made a point of emphasizing that they have been, and will remain, a priority. Turkmenistan's cooperation with Russia will grow stronger and develop, he said.

Kyrgyzstan Agrees To Repay Debt in Hard Currency

LD2207221993 Moscow Radio Rossii Network in Russian 1900 GMT 22 Jul 93

[Text] Kyrgyzstan will repay its debt to Turkmenistan in hard currency. This agreement has been concluded at Turkmen-Kyrgyz talks in Ashgabat. The sum which is to be repaid amounts to $1.3 million.

ITAR-TASS reports that Turkmenistan also intends to continue a series of intergovernment negatiations which are being held with a view to having the debts owed by other CIS states to Turkmenistan repaid. Armenia, Georgia, and Azerbaijan are among them. Ukraine has previously repaid its debt for the supply of Turkmen gas.

Armenia, Azerbaijan To Repay Debts

LD2507200993 Moscow Mayak Radio Network in Russian 1800 GMT 25 Jul 93

[Text] Armenia owes Turkmenistan over $6 million for deliveries of natural gas. Azerbaijan's debt amounts to $34.685 million. These figures were cited at the talks in Ashgabat. The sides agreed that both republics would pay off their debts in the third quarter of this year by supplying various products and goods.

It is envisaged that, provided this becomes technically possible, the volume of gas supplies to Armenia may be increased. The republic will pay for the gas supplies and transit in excess of the plan on the basis of winter prices. As for Azerbaijan, unless it pays off its debt before 5 August, gas supplies there will be discontinued.

Niyazov Discusses Cooperation With Iranian Minister

LD2307203993 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 1930 GMT 23 Jul 93

[Text] At a meeting with our country's roads and transport minister, Turkmen President Saparmurad Niyazov stressed the need for the expansion and consolidation of relations between the two friendly neighboring countries. In the meeting, which took place in Ashgabat on Friday [23 July] afternoon, Mr. Sa'idi-Kia, our country's roads and transport minister, presented a report about the progress being made in cooperation between our two countries in roads and transport, and he informed the Turkmen president of our president's interest in expanding ties between the two countries.

During the meeting, the Turkmen president invited President Hashemi-Rafsanjani to pay an official visit to Turkmenistan and he suggested that the heads of state of the member countries of the Caspian Sea cooperation organization hold a meeting in Ashgabat in the month of Aban [beginning 23 October] to approve the organization's charter.

Armenia

Government Approves of Cease-Fire With Azerbaijan

LD2607132493 Moscow ITAR-TASS World Service in Russian 1135 GMT 26 Jul 93

[By ITAR-TASS correspondent Tigran Liloyan]

[Excerpt] Yerevan, 26 Jul—In a statement by the republic's Foreign Ministry circulated today, the Armenian Government expressed "approval" [pooshchreniye] of the cease-fire agreement signed by representatives of the Azerbaijan Defense Ministry and the Nagorno-Karabakh Republic.

It notes that this preliminary step by the authorities of Azerbaijan and Nagorno-Karabakh, which is aimed at alleviating the conflict, may promote international peacekeeping efforts for a settlement in the region.

The Armenian Foreign Ministry states that Yerevan calls upon the international community and all interested states to respond in a similar spirit to the opportunity to cease combat actions which has presented itself and the beginning of direct dialogue between the two warring sides—Azerbaijan and Nagorno-Karabakh. [passage omitted]

[Yerevan SNARK in English at 1453 GMT on 26 July adds: "The cease fire agreement for three-day period achieved between Karabakh and Azerbaijan military bodies is being observed, informed Karabakh defence state department. At the same time, there are some firing at parts of the Azerbaijani-Karabakh border.

["A Karabakh defence state department official reported also on contacts with the Azerbaijani Defence Ministry leadership to work out a mechanism for strict observation of the cease-fire agreement."]

Foreign Ministry 'Encourages' Talks

NC2607201993 Yerevan Radio Yerevan International Service in Armenian 1530 GMT 26 Jul 93

[Text] The Armenian Foreign Ministry has issued the following statement: According to information received from Stepanakert, the Defense Ministries of Azerbaijan and Nagorno-Karabakh signed a three-day cease-fire agreement on 24 July that went into effect at 0000 hours on 25 July. It calls for halting all military operations, rocket and artillery shelling, and air raids and bombardments. During the cease-fire it is hoped that Azerbaijani and Nagorno-Karabakh leaders will agree to meet.

The Armenian Government encourages this preliminary step—which might help the international efforts toward peace—taken by the Nagorno-Karabakh and Azerbaijani authorities to stop the conflict and calls on the parties involved to respond with the same spirit to the cessation of military operations and to take this opportunity to hold talks immediately.

Karabakh Defense Official on Readiness To Negotiate

NC2607142293 Yerevan SNARK in English 1223 GMT 26 Jul 93

[Text] Stepanakert, July 26 (SNARK)—"Karabakh is ready for negotiation with the Azerbaijani side to discuss the problem of cease-fire", Serch Sargisyan, chairman of the Karabakh Defense Committee, told SNARK.

Mr. Sargisyan said Karabakh is deeply satisfied with the fact of the Azerbaijani military leadership's appeal to the commandment of the Karabakh defense army to conclude an agreement on temporary armistice. The agreement was achieved last night.

"We hope that this step will be the basis for further bilateral contacts up to the direct negotiations between Karabakh and Azerbaijan at the highest level", Mr. Sargisyan mentioned.

Speaking on the intermediary initiatives of the world community, in particular of the CSCE Minsk group Mr. Sargisyan is of the opinion that the states which are intermediaries in the conflict if they are deeply interested in the conflict regulation, should contribute to the setting of the bilateral negotiations process.

Karabakh Official Says Phone Contacts Continue

NC2607194393 Yerevan Radio Yerevan International Service in Armenian 1530 GMT 26 Jul 93

[Text] The three-day cease-fire, which went into effect on 25 July, is continuing in the Azerbaijani-Karabakh conflict zone. The sides have agreed to hold direct talks. Marsel Petrosyan, head of Nagorno-Karbakh's Press and Information Department, told an ITAR-TASS correspondent that telephone consultations are taking place concerning those officials [word indistinct] who will take part in the talks. The venue of the meeting is also being discussed.

Azerbaijan

Cease-Fire Holding; Aliyev, Guseynov in Agdam

LD2607182793 Moscow Ostankino Television First Channel Network in Russian 1700 GMT 26 Jul 93

[By Mais Mamedov and Nadyr Zeynalov; from the "Novosti" newscast]

[Text] Baku and Stepanakert report that the agreement on a three-day cease-fire in the zone of the Karabakh conflict is holding. Let me remind you that there has been no firing there since 0000 hours yesterday.

The Barda rayon center, situated 70 km from the mountainous part of Karabakh, today became not only a frontline town, but also the venue where refugees were resettled. Inhabitants of Agdam Rayon, forced to abandon their homes, are now being put up in schools,

hotels, and premises not adapted for residential use; they are also being put up under the open sky, where the average temperature reaches 45 degrees centigrade. Agdam refugees told all this to Geydar Aliyev, acting president and chairman of the Azerbaijani Supreme Soviet, and to Prime Minister Surat Guseynov.

[Aliyev] Everyone hopes that all these hard days will become a thing of the past, that the integrity of the territory of Azerbaijan will be restored, and that people will return to their homes.

Deputy Defense Minister Says Armenians Violating Cease-Fire

NC2607142593 Baku ASSA-IRADA in English 1351 GMT 26 Jul 93

[Text] Baku 26.07.93 (ASSA-IRADA)—Armenian party violates agreement on ceasing of fire for three days.

This agreement, signed by MOD [Ministry of Defense] of Azerbaijan and command of Armenian expeditionary troops on the occupied territory of Republic came into force on July 25 beginning from 0 o'clock, ASSA-IRADA was told by Deputy Minister of Defense, Chief of General Headquarters of Armed Forces of Azerbaijan Colonel Safar Abiyev. In spite of this, on July 26, 16.00 o'clock Armenian troops with infantry and armoured cars attacked Azerbaijani positions in direction of district centre of Fuzulinskiy. And today, on July 26, beginning from 6 o'clock of morning town Fuzuli is being subjected to rocket-artillery shelling from occupied by Armenian Army dominant hills. After 10.00 strength of fire rather increased. The concentration of armored cars on tank-danger direction is being observed (to north and west of the city).

Elchibey Appeals to UN Secretary General Over Armenia

NC2607182093 Baku TURAN in English 1453 GMT 26 Jul 93

[Text] Baku, July 24 (TURAN)—Today Azerbaijani President A. Elchibey addressed to the UN General Secretary Butrus-Ghali, saying, that in the result of Armenian aggression one more Azerbaijani region Agdamskiy was seized. Region centre and tens of villages are absolutely damaged, hundreds of peaceful citizens are killed, tens thousand people are made homeless and became refugees. The appeal runs, that simultaneously ten more villages of Fizulinskiy region are occupied, population of Zangelanskiy, Kubatlinskiy, Dzhebrailskiy and Fizulinskiy region, amounting 250 thousand, is under the threat of blockade.

Armenian republic, as it is saying in the appeal, again ignored efforts of Azerbaijan and international organizations on peaceful settlement of the conflict. A. Elchibey points, that Armenians new aggression, having undertaken after the CSCE mission under the leadership of Mario Rafaelli, is an open challenge to the world community.

The appeal stresses, that one eighths of Azerbaijani territory has been already occupied. This figure tends to increasing because of lack of inadequate response of the world community to happened developments, points A. Elchibey.

To presidents words, if the aggressor is not restrained, the flame of war will smoulder in the region for a long time, and it will be impossible to restore democratic traditions.

A. Elchibey called on the UN general secretary to discuss at the CS [Security Council] UN sitting the matter on Armenian aggression as soon as possible and took the measures on recognising the Armenia aggressor, to restore the UN, CSCE principles and international law in the region.

Urges National Unity To Repulse Armenians

NC2607184293 Baku TURAN in English 1453 GMT 26 Jul 93

[Text] Baku, July 26 (TURAN)—Today, in connection with seizing of Agdamskiy region by Armenian forces, Azerbaijani President A. Elchibey addressed to the nation.

President's appeal runs, that in the result of successful internal political activity in April-May, the CS UNO [United Nations Security Council] has accepted 822 Resolution on necessity of liberating all seized Azeri territories, but USA, Turkey and Russia have accepted tripartite plan of peaceful settlement on realization of known CS UNO resolution.

A. Elchibey points, that Ganja military uprising ruined all initiatives, including also started reforms in military building. So, as it is saying in the appeal, Armenians having made use of political turmoil in Azerbaijan, resumed their aggressive intentions and launched large-scale advance on Agdam.

The appeal runs, despite of assurances of the authorities, which forcibly had come to power, that all their intention would be aimed at defending the motherland and front regions, nothing had been undertaken. President A. Elchibey stresses, having formed with great difficulty and being military trained troops had been disarmed "as illegal PFA [People's Front of Azerbaijan] batallions", in the result of what Agderi, [Mardakert] ten villages of Fizulinskiy region and Agdam were seized.

A. Elchibey points, that enemy is strong and insidious, they are supported by political and military circles of foreign states and business circles, which are making profits out of war in the Caucasus.

A. Elchibey warns, that dissidence between political parties of new leaders of Baku and further dissidence

within troops can result in failure for the country. According to Elchibey's words, none of the struggles has to be hold at the expense of Azeri territories lost.

President called on the soldiers and officers of national army and also his supporters to refuse of political intrigues, unite their forces to repulse the enemy.

Convicted Former Soviet Servicemen Appeal for Pardon

LD2407061993 Moscow Radio Rossii Network in Russian 0500 GMT 24 Jul 93

[Text] Six former Soviet servicemen convicted on Azerbaijan's territory have submitted a petition for pardon, the Agency of News and Information reports. Five of them are threatened with capital punishment. Ex-Russian servicemen have been convicted in connection with their participation in the Karabakh conflict on the side of Armenian formations. Shakhim Rustamov, chairman of the collegium of the Azerbaijani military tribunal, has told an ANI correspondent that the case is currently at the republic's Supreme Court. From there it will be sent to the office of acting President Geydar Aliyev. As is known, Russian leaders have repeatedly called on Abulfaz Elchibey, who has been stripped of presidential powers, to pardon Russia's people.

Exchange From Rubles to New National Currency Begins

LD2707083993 Moscow ITAR-TASS in English 0807 GMT 27 Jul 93

[By AZERTAC correspondent Alla Baula for TASS]

[Text] Baku July 27 TASS—The Azeri Government starts today to exchange roubles issued in 1961-1992 for manats, the new Azeri national currency.

According to the government, every citizen can exchange no more than 10,000 roubles for 1,000 manats (the official manat-rouble exchange rate is one to ten.) Any extra roubles will be transferred to special privatization and investment accounts for a term of one year at a 50 per cent interest rate.

The exchange of money will last until July 31 for ordinary citizens and until August 7 for refugees and migrants. They number about 600,000 in Azerbaijan.

The Azeri Government explains the very small sum of exchange by a shortage of national banknotes.

Deputy Premier, Iranian Minister Discuss Ties

LD2707085493 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0330 GMT 27 Jul 93

[Text] Vagid Akhmetov, first deputy prime minister of Azerbaijan, has met with Mohammad Sa'idi-Kia, Iranian minister of transport, in Baku. He expressed appreciation for the assistance given to the people of Azerbaijan by the Islamic Repubic of Iran. At the meeting, the two parties reviewed issues of interest to Baku and Tehran and emphasized the need to broaden relations between the two countries.

The transport minister arrived in Baku yesterday afternoon at the head of a delegation.

Georgia

Shevardnadze Interviewed on Cease-Fire

LD2607155393 Tbilisi Radio Tbilisi Network in Georgian 0800 GMT 26 Jul 93

[Interview with head of state Eduard Shevardnadze by correspondent Nato Oniani on 26 July; place not given—recorded]

[Text] [Oniani] Good morning, dear listeners. As you know, Mr. Eduard Shevardnadze, Georgian head of state and chairman of parliament, went to Sukhumi late last night. He returned from Sukhumi this morning. This is why we are bringing you our traditional Monday interview with Mr. Eduard Shevardnadze later than usual, at 1200.

Mr. Shevardnadze, you made a difficult decision on Saturday [24 July]. I am talking about the agreement related to the conflict in Abkhazia. Yesterday [Russian Deputy Foreign Minister] Pastukhov arrived in Tbilisi. You have expressed your opinion about this document in public more than once. This is how I would like to phrase my question. Is it not primarily because we have not signed an agreement with Russia that this document is so difficult to sign? You also said that to sign this document would involve some kind of historic responsibility and that it has great historical importance for Georgia today.

[Shevardnadze] Thank you. Good morning. I have talked a great deal about this document in recent days. I still hold and defend the position that this decision of mine is of historic importance. This applies, perhaps not to the document itself, but to the decision that the war must be stopped, and that there should be a cease-fire, and this is what this document provides for.

At the same time, I stress that this is an intermediate document. None of my opponents has mentioned this. This is not a final document on a final settlement. This is a document which should lead us to a final settlement and an end to the war. This is the beginning of an end to the war, the beginning of a process.

I believe that even if there are deficiencies in certain articles of the document—and there are deficiencies, because it is a general rule that ideal documents cannot be produced in such circumstances—it is the only way out the current crisis, which is very deep, both in political and economic terms.

We must take into account that this is an opportunity given to Georgia to restore its territorial integrity without bloodshed, without more bloodshed. It is a tangible prospect.

[Oniani] Moreover, two thirds of the territory of Abkhazia is being controlled by the opposing side.

[Shevardnadze] They are controlling a large part of it. And the problem is not that only that the Abkhazians are in control, but that others have entered Georgia during this war. The prospect of the territory becoming clean and integrated is by itself good. We cannot lose this chance. And this will happen without bloodshed, with the participation of UN peacekeeping troops and observers, perhaps even with the participation of Russia. I believe this is an historic chance which must be used.

I do not want to say that everything is guaranteed today, or that if we sign the agreement all problems will be settled painlessly. A struggle is starting, but it is a struggle for peace and an end to the war by relatively peaceful means.

I often hear people say they would prefer to continue the struggle, fall victim to it, declare a general mobilization so that the whole nation would rise, fight to the end, fight for victory, and so on and so forth. I have the right to speak about this war and its results as a participant in this war. I have never stayed out of the war, and in one way or another I have been where the head of state, commander in chief, and a citizen of Georgia should have been. I know what this war is. I know perhaps better than others who are arguing with me about its horrors—for either side, by the way, both for the Georgians and the Abkhazians. I believe that this war must end. The people cannot bear it any longer. I am surprised by the speeches of those who cannot feel this. They have lost the feel for the current sentiments of our people. Time will tell who is to blame, whether is it me or someone else.

However, no one can deny that we must make a decision and vote for an end to this war, for the beginning of a process leading to the end of this war and the integration of Georgia's territory. Political ambitions must not be allowed to block the road leading to peace.

I believe our most serious disease today is demagoguery and populism. It is, by the way, typical of almost any country moving toward democracy, but it is especially marked in this country. This is why I made this decision and I firmly believe that if we were to ask the people today—ask everybody living in Georgia, Georgians, Russians, Armenians, Azerbaijanis, Jews, Greeks, and, of course, first of all the Georgians, but also the Abkhazians, all citizens of Abkhaz nationality—I am sure that a large majority of the population would support this decision.

I will have another meeting with Mr. Pastukhov. We are arguing, debating, and there are things on which I do not agree with him. But an agreement is an agreement and a treaty is a treaty—by the way, think about this word, hands are tied [the Georgian for treaty is "khelshekruleba" with "kheli" meaning "hand" and "shekruli" meaning "tied"], and it is a wise Georgian word because it implies a compromise, where you concede something in return for something else. This is how it has been in history. I would like our public to realize this well. This is how I came to a decision to make a statement saying that I am taking the responsibility. I cannot do otherwise.

I think all of us should struggle to implement this treaty. It is also most important that when a cease-fire is achieved and the second stage begins, which will be more complex and difficult, a comprehensive treaty must be prepared, which will provide for a final settlement. Many issues will be reflected in this, such as the question of borders, and I am talking here about the border on the river Psou [part of the border between Russia and Georgia in Abkhazia], which should be solved as a result of a treaty with Russia, as well as about many other issues. I am sure that our people will finally see that we were right today.

I will have another discussion with Pastukhov in half an hour. I will have a discussion with the Russian leadership. We will probably agree today on what must be done and when all this should be formalized. I will have to tell our viewers and listeners about it either today or tomorrow.

[Oniani] Opponents of this agreement think we would do better to surrender Sukhumi today, let the opposing side occupy Sukhumi, and that this will provoke indignation within the international community which will probably take a more active part in this process. No one has thought about this, but the surrender of Sukhumi presumably implies that Georgians who will stay there will be subject to the revenge of the opposing side. No one should have any doubts about that. How real do you consider such a prospect if things go on like this? Does it have any prospects in the future? And if we regard it from the point of view of the Yugoslav example, will the world actively interfere if Georgia surrenders Sukhumi?

[Shevardnadze] First of all, I would like to note another peculiarity of the present moment and explain why I am taking the responsibility to append my signature today despite our bitter experience and the bitter lessons when we signed an agreement and it was not implemented—I mean the agreement with Russia.

My opponents evade one factor which is very important by itself: real participation by the U.N. Security Council, a personal envoy of the U.N. secretary general in the talks and regulating process.

[Oniani] It is for the first time on the territory of the former Soviet Union.

[Shevardnadze] Yes. This is the first such direct participation. There is such participation in Karabakh, but there it is more symbolic, whereas here observers will participate directly, peacekeeping forces will intervene

directly, and we will have all the attributes, as we might say, of international organizations' participation in tackling the conflict. We should not underestimate this.

Let us consider this. Let us remember that now another eye is watching and monitoring Georgia—Russia and the other side, with which we are in the state of war at present.

As for the idea that it would not be a problem because Napoleon occupied Moscow but was eventually defeated, I do not think such parallels can do any good. I am astounded, shaken by the suggestion that we could surrender and abandon Sukhumi, although I can imagine some misfortune occurring and something like that happening. However, in view of what we have now, our actual forces and possibilities, and unless we encounter treachery, Sukhumi will not be lost. Above all, we have already approached the moment of signing this document and getting a cease-fire, and all this might happen in the near future.

I reiterate that I cannot speak calmly of the fact that some Georgians have such ideas. When I made the decision to sign the agreement—it might not be I who will sign but my representative, but there is no significant difference in this, because it is all happening with my participation—I had no doubt that I was right because I spent quite a few sleepless nights thinking about it. I have considered tens of thousands of options and, as is said, digested in my mind tens of thousands of possibilities, but I finally reached this conclusion.

However, since the parliament was so agitated and a powerful opposition was formed, and it is clear to see from television relays that many members of parliament do not agree with this, I decided to fly to Sukhumi and, as you said, spent all night from 2200 till 0700 with our military at their headquarters. I met almost everyone I had to meet whose opinion counts at the moment. I met citizens of Sukhumi. I met the presidium of the Council of Ministers, ministers, citizens, representatives of public organizations. I arrived there with a feeling that I might be wrong, and I wanted to ascertain the feelings of those who live in Sukhumi. These meetings and the difficult final night convinced me once again that at this stage I am right.

The future will tell us everything, but today I am right. I am right regarding my nation and my own conscience. If I were to decide otherwise, my people should curse me. I think there is a chance today to fight for peace, to fight for an honorable armistice, for the integrity of our country. And if we miss this opportunity, I really deserve to ascend the gallows. I returned from Sukhumi with such feelings.

I am right regarding the memory of the perished. I believe, I deeply believe, that the families that experienced such tragedies, that found themselves in such misfortune having lost their children, their breadwinners and so on, will also understand me and that they will also greet an armistice and peace.

And I am especially right regarding those who may die today or tomorrow, because if the conflict continues we will be talking about more than thousands.

You know that we are a country with limited resources. We can even say that we have exhausted our resources. What can we fight with? We will have to fight with weapons which cannot be called modern. The result would be numerous casualties. A great number of people will be killed, and in the first instance it is our youth that will be exterminated.

I do not know whether there is anyone brave enough to lead us that way. If there is, let him declare it. Let him declare that he would rather see half of Georgia exterminated rather than sign such documents.

I have considered this with cold reasoning tens of thousands times. I have taken on myself the responsibility. I do not want to evade this responsibility as long as I am alive and as long as I am carrying out my duties.

[Oniani] It is clear that the cease-fire in Abkhazia will result in saving the lives of a great number of people. It must also be pointed out that Georgia's economy will grow stronger. What is more, we will gain time because, for instance, processes that are in progress in Russia are not uniform. We say that today, in Abkhazia, Russia is fighting against us, using Abkhazians and other peoples. You are well aware of what is happening in Tajikistan and nothing is disguised there. And if we take into consideration all this, there should not be a second thought about the present agreement despite its being rather hard. A peace process has already begun but Sukhumi is at the same time being shelled. What will happen if either the Russian side or the Abkhazian side violates the agreement after it has been signed?

[Shevardnadze] I spoke about the importance of international organizations. I am returning to this issue.

We did everything. I am again addressing my friend-opponents. The Security Council passed a resolution once, then a second time, a third time, and all this was a result of my requests, my letters. There, all my letters were handled with care and concern. I was not going to say it, but now that I am in such a position, I am forced to. No one there, even a Russian representative, doubted the truth of my letters. These letters resulted in the involvement of the major international organization of our time, of our era, in settling the conflict. Now it is an observer, a monitor, and it is a participant in all arrangements. That is why this is a very important factor. I believe the possibility of errors or deliberate violations of the agreement are thereby significantly decreased.

That is one point. Another thing is that, as I said at the session of parliament, Russia is now more interested in settling the conflict than it was in September last year due to the situation this country found itself in. This is also important.

I am sometimes told: We are ready to fight; let us declare that we are in a state of war with Russia. Let us declare that we will become another Afghanistan; we will become Tajikistan and so on. I would like to state very seriously that no serious politician has a right to say this.

I know what Afghanistan is. I have been to Afghanistan 10 times. I saw a lot. I visited a lot of towns and villages and saw everything annihilated during 10 or 12 years. It will take Afghanistan 100 years to recover. I am not sure if even 100 years will suffice. About 1.5 million people died; the precise figure is not yet known.

I do not want Georgia to get this sort of fate. And we should not play a game with these words. Those who say these things will never be the first to fight, and they will not stand in the first ranks. I am quite sure about it. I think it immoral to say that we can become another Afghanistan. It is not correct. Politicians cannot say this.

Similarly, we should pray that we in Georgia do not experience what is happening in Tajikistan. I have said, and I reiterate it here, that all our skill, all our reason, and all our intellect should be directed toward avoiding anything which could bring us to a similar fate. I could say that we must win a war for normal relations with Russia and other countries. This is real politics and this is real skill, rather than going out into the streets and shouting that we will become Afghanistan if you are not sensible. I do not think it needs much wisdom.

[Oniani] On Saturday, during and after the parliament sitting questions were asked about Samegrelo [part of western Georgia where the population is allegedly supporting the former Georgian president]. On Sunday, as if in quick reply, the situation became confused in Senaki [a town in Samegrelo]. This is not probably accidental. And while you say the key for a settlement of the Abkhaz conflict is in Russia, some seek for this key in Samegrelo. Do you mean that the key for the Samegrelo problem is in fact in Russia, I name it a Samegrelo problem conventionally, of course.

[Shevardnadze] I do not think this key is in Russia. It is with us and we should be able to overcome all difficulties ourselves. However, the settlement of our relations with Russia and the establishment of a basis for a treaty will help us reach stability. And Samegrelo as well as other parts of Georgia are all concerned.

[Oniani] When the head of the special police unit said on television before going to Senaki that such cases should be assessed politically, he added that order should eventually be established in the country. Like your opponents and supporters in the parliament, he said the head of state should use the rights entrusted to him by parliament. It is said that you cannot use these rights because you have no support.

[Shevardnadze] I agree with Mr. Giorgadze. I believe you mean him. He was right when he said that a number of occurrences require a serious political assessment and that when this assessment is made it is necessary to take action. I know I am often said to have no support, to have no political force behind me and so on. There are many arguments.

I would like to say that thus far, I have felt that my support is my people. And I am proud of it. I am proud of my people whose support I feel. By the way, if we held an opinion poll now on who supports Shevardnadze in settling the conflict and who opposes him, it would do the real policy good. It would be useful for the policy I am soon offering the people.

There is support, although we could think more about how to make the support more reliable or, rather, what shape this popular support should acquire. This should be seriously considered.

When we speak about exercising power, using rights, we should keep in mind that some mechanisms are to be improved and some instruments are to be created. I mean political and state instruments. I have been thinking much about this, and I will come to definite conclusions by all means and then make certain proposals to the public.

However, I must say that the enhanced rights I was given by parliament—and which cause people to ask what Shevardnadze is doing, and what else he wants because his rights have been increased—are not regarded correctly. It cannot be like that: we passed a resolution 20 days or a month ago and we are expecting a revolution during this time.

Parliament and my people put their trust in me, and I first used these rights when I made a decision about the cease-fire and a decision to start a process of ending the war. I doubt that one can think of a more significant use of one's rights. I think I made a decision of really historic significance. It is not that you dismiss someone from his duties, sack someone, or have someone arrested. Those are details. I am making a decision of historic significance. This is one of the manifestations of how I use my rights.

This should not be an end of the matter, however. I should attempt, and I will attempt, to use my rights and my position to serve the people better and overcome all pains that worry and trouble us.

[Oniani] Mr. Shevardnadze, let us return to the issue of Russia. Our relations with Russia are complicated, partly because we are dealing with a country with an unstable political situation. For instance, the latest incident related to bank notes was probably another move directed against Yeltsin's policy. It is clear that this move strained Russia's relations with other republics. It is also likely to have a very bad effect on us and our economy.

[Shevardnadze] When I speak about normal and good-neighborly relations with Russia, I am far from thinking that Russian policies are ideal, especially in relation to us.

You know why we have decided to introduce coupons. First, we were late. On the other hand, since we missed the opportune time to introduce them, it then became too early to do it. We should have totally used up the ruble's potential. The coupons or our new national currency bank notes should have been printed and used when it became necessary. Russia forced us into this, because for five or six months we were been getting the bank notes it had agreed to send us.

An awful lot of complaints like this can be made. Despite the internal situation in Russia, we must strive for normal relations between the two countries. This is if we want to revitalize the economy, do something about our finances, bring the situation in science back to normal. Relations which have been taking shape for 50 or 70 years, and in Georgia's case for almost two centuries, cannot be severed in one, two or five years. They must be restored.

I am saying once again that despite all negative aspects, which are a matter of concern for each one of us, we should be thinking about normal relations with this large country.

[Oniani] The most important event of last week was probably the long-awaited discussion in parliament of the issues of the budget and money and credit policy. The discussion, and this probably comes as no surprise to anybody, turned into a motion of confidence in the government. In the end, we witnessed a rather unpleasant incident. Friday's sitting once again made apparent the main scourge of our society, and that is corruption. Although a commission has been set up and the prime minister himself has announced that an investigation is under way into the case of an alleged illegal allocation credits, it is also obvious that corruption has taken deep root in the state.

[Shevardnadze] Indeed, it is obvious. No person of common sense can reconcile himself to the present scale of corruption and mafia activity. Either we attend to this or we will face very serious problems.

I would like to say something which will lead us back to the point where our discussion began. Corruption and the profusion of mafia elements, serious crime situation, everyday killings, kidnappings, and much more, are an unfortunate result of the war. No one can name a country in a state of war which has been able to avoid these evils. This is why I am saying once again that it is necessary to stop the war and start this process. We will be given better opportunities if we focus our attention in this direction.

[Oniani] Finally, if the war in Abkhazia stops, are there grounds for hope that there will not be a similar provocation elsewhere.

[Shevardnadze] I know what you have in mind and what is in the minds of those who are criticizing my decision to sign this agreement. They speak about various regions which may turn unstable and are saying that [South] Ossetia will not let us alone and will work against us and so on.

However, I would like return to something I said in reply to one of your previous questions. Unless the war stops, this threat will become even greater. I must say that they are right in saying that it is a real threat for us. But if the war stops, we will have an opportunity to look after Samachablo [South Ossetia] in a more intensive, serious, and principled way. It is feasible, quite feasible, to speak about achieving ultimate peace and a settlement there and to speak about the borders, and I have the agreements in mind here.

I would also like to state that if we do not want Russia to play a negative role in our life, we must think about normal relations with Russia. It is inevitable at present, and life will show how it will be in the future.

[Oniani] Thank you very much for the interview.

IZVESTIYA Examines Cease-Fire Preparations

PM2707105093 Moscow IZVESTIYA in Russian 27 Jul 93 First Edition p 5

[Besik Urigashvili report: "Shevardnadze, Despite Parliamentarians' Opposition, Is Prepared To Sign Cease-Fire Treaty"]

[Text] Tbilisi—Eduard Shevardnadze is prepared to sign a treaty on a cease-fire in Abkhazia and is assuming full political responsibility for the consequences of such a step.

The Georgian leader stated this on Saturday evening after a nine-hour closed session of parliament, at which many deputies came out against signing the draft agreement presented by the head of state. A significant number of Georgian parliamentarians believe that the terms of the treaty are very burdensome on Georgia, while the most radically minded parliamentarians called it capitulatory.

At the same time Shevardnadze himself admitted that the agreement includes a number of provisions requiring a major compromise on the Georgian side. However, according to Shevardnadze, the ending of a war on your own territory is in any event a victory for common sense over madness.

The points that the parliamentarians found most unacceptable were those concerning the withdrawal of Georgian troops from Abkhazia's territory and the restoration of the legitimate organs of power in Sukhumi. Apart from these points, the draft treaty provides for a cease-fire, the creation of joint groups to monitor compliance with the cease-fire, the withdrawal of all armed formations that have entered Abkhazia's territory from outside, and the disarming of local armed formations.

Provision is also made for the formation of an Abkhaz regiment of internal troops to be stationed in Gudauta,

and a Georgian regiment to be stationed in Gali. Subsequently, a single multinational subunit would be formed from these regiments, and would exercise control in the autonomous republic alongside the police.

The treaty provides for active participation in the peacemaking process by mediators from Russia and international organizations, and in this respect it differs fundamentally from the cease-fire agreement in the Tskhinvali region, when international organizations were not involved.

As for UN international observers, the United Nations requested that Switzerland send observers to Abkhazia, and according to preliminary reports the Georgian Foreign Ministry has received consent to this. In the event of an actual cease-fire these observers will be stationed in the cities of Sukhumi, Gudauta, Ochamchira, Gagra, Novyy Afon, and Tkvarcheli, and also on the line of contact along the Gumista river, on Georgia's state border at the Psou river, and on Abkhazia's administrative border with Georgia on the Inguri river.

In general the treaty is highly schematic in nature, and can realistically be said to pursue only one goal—that of achieving the speediest possible cease-fire. Many practical questions remain open in the draft treaty.

In this context, in the corridors of the Georgian parliament, even the most consistent supporters of the agreement noted that its signing certainly does not mean the relaxation of the defense of Sukhumi, and that until the start of the actual operation of the treaty's mechanisms the Georgian troops must be prepared for any actions on the part of the adversary.

The justice of these misgivings was also confirmed by the further development of events on the Gumista front. On Sunday afternoon, when it was already known that Georgia is prepared to sign a treaty whose terms are in many ways unacceptable to it, Abkhaz formations went onto a large-scale offensive northeast of Sukhumi, in the region of the villages of Shroma and Akhalsheni. At the same time there was an attempted landing from the sea in the region of Sukhumi bay. By evening the situation had become critical, and late at night Eduard Shevardnadze flew to Sukhumi to meet with the military command. As a result of urgently adopted measures, the Georgian troops were able to repel the attack. Casualties on both sides are numbered in tens. People in Georgia believe that on the eve of the possible signing of a cease-fire treaty the Gudauta leaders will try to accelerate the capture of Sukhumi, so as to be able to dictate their own terms at subsequent talks.

Against this background, Russian mediator B. Pastukhov is trying to accelerate the attainment of a cease-fire; he flew to Tbilisi on Sunday and, after a brief meeting with Shevardnadze, set off for Gudauta. Apparently he is supposed to settle with the warring parties the technical details of the signing of the agreement to cease hostilities, and he will try to do this on Monday.

It is also noteworthy that despite the sharply negative attitude of many Georgian parliamentarians toward the document submitted, public opinion in Georgia supports the head of state's efforts to stop the bloodshed. In any case, polls carried out by the independent television company "Iberviziya" on Sunday showed that 50 percent of those polled in Tbilisi do not regard the agreement as capitulatory, 30 percent have no opinion, and only 19 percent consider the agreement shameful for Georgia. Shevardnadze's position is approved by 62.9 percent of respondents, while 22 percent of respondents are opposed to his position.

Leaders Discuss Draft Peace Agreement

LD2607175693 Moscow ITAR-TASS in English 1744 GMT 26 Jul 93

[by ITAR-TASS correspondent Irina Schegoleva]

[Text] Sochi July 26 TASS—Chairman of the Supreme Soviet of Abkhazia Vladislav Ardzinba and Russian Deputy Foreign Minister Boris Pastukhov met on Monday [26 July] in Gudauta. They discussed the draft agreement on the cessation of war in Abkhazia. According to the press service of the Abkhazian Supreme Soviet, the meeting was held behind closed doors. After the meeting Boris Pastukhov said the two sides worked out some items of the agreement. Vladislav Ardzinba noted that the Abkhazian parliament will discuss the agreement on Monday. Speaking about the returning of legal bodies of power in Sukhumi Ardzinba stressed that "there are legal bodies of power which have been functioned before August 14, 1992."

Now the Abkhazian parliament is discussing the draft agreement. This variant of the agreement envisages the withdrawal of Georgian troops from the territory of Abkhazia, the formation of the united commission to settle the conflict, the returning of the legal bodies of power in Sukhumi and the entrance of Russian peacekeeping forces in Abkhazia.

The press service of the Abkhazian Supreme Soviet does not determine the term of the signature of the document. According to the officials of the press service, Georgian Speaker Vakhtang Goguadze and Abkhazian Deputy Chairman of the Supreme Soviet Sokrat Dzhindzholya plan to sign the agreement.

Abkhaz Parliament Tells Deputy Speaker To Sign Cease-Fire

LD2707024793 Moscow Radio Rossii Network in Russian 0000 GMT 27 Jun 93

[Text] Late on 26 July the evening session of the Supreme Soviet of Abkhazia ended in Gudauta. At the session the draft agreement on a cease-fire in the zone of the Georgian-Abkhazian conflict was examined. The parliament has instructed Sokrat Dzhindzholya, first deputy chairman of the Supreme Soviet, to sign the document. An ITAR-TASS correspondent learned this

from well-informed sources in Gudauta. Individual critical amendments (?have been made) to the draft agreement. The signing of the document is to take place today, Tuesday, 27 July.

Abkhaz Delegation Leaves for Sochi To Sign Cease-Fire

LD2707104693 Moscow ITAR-TASS in English 1007 GMT 27 Jul 93

[By ITAR-TASS correspondent Irina Shchegoleva]

[Text] Sochi July 27 TASS—An official delegation from the Republic of Abkhazia has left Gudauta for Sochi to take part in the signing of an agreement on ceasefire with Georgia. The ceremony will be attended by the Russian president's personal envoy Boris Pastukhov and other senior officials from three countries—Georgia, Abkhazia and Russia.

The final version of the agreement takes full account of the main demands put forth by the leaders of the Abkhazian Republic, according to the press service of the Abkhazian Supreme Soviet (parliament).

Supreme Soviet Members Appeal to World for Assistance

LD2607210593 Tbilisi Radio Tbilisi Network in Georgian 1950 GMT 26 Jul 93

[Appeal by members of the Supreme Soviet; date not given—read by announcer]

[Text] To the United Nations, parliaments, and governments of the world:

Escalation of the Russian Federation's interference in the combat actions against the Georgian Armed Forces and the population of Sukhumi is taking place in the Abkhaz fronts of Georgia by means of arming the separatists, training and briefing them, supervising their operations, bringing into Georgian territory armed units of civilians, sending temporarily demobilized servicemen of the Russian Army, and using the Russian Air Force to participate in the offensives against Georgia.

The current process is nothing but an undeclared and limited war against Georgia. Georgia's position is critical today. For more than two months the capital of the autonomous republic of Abkhazia, Sukhumi, has been subjected to incessant artillery shelling by the Abkhaz separatists, volunteers, and the Russian Armed Forces. More than 90 percent of the victims of bombardments are the civilian population.

We, the members of the parliament of the Republic of Georgia, think that the above-mentioned situation begs the world's interference in order to save the object of aggression—in this case, Georgia. Considering the great importance for the whole world of Russia becoming democratic, we allow ourselves to remind you that Russia will not become democratic if it retains a possibility of starting aggressive wars with neighboring countries and ending them successfully.

We ask for your help by any available means in order to save our country.

[Signed] Members of the Georgian parliament

Tension High as Abkhazia Moves Toward Cease-Fire

LD2707095893 Moscow ITAR-TASS in English 0947 GMT 27 Jul 93

[By ITAR-TASS correspondent Irina Shchegoleva]

[Text] Sochi July 27 TASS—Although the warring parties—Georgia and Abkhazia—have proclaimed their readiness to sign a ceasefire agreement, tension in the conflict zone has shown no signs of easing. Georgian and Abkhazian sources report continuing fighting along the Gumista River front.

The press centre of Abkhazia's Supreme Soviet reported that Abkhazian troops had captured the Apianda heights following an intensive artillery duel which began between the Georgian and Abkhazian sides at 02:00 in the morning. The Georgian forces used shells with "phosphoric-termite cassettes" to bombard the residential areas in Shroma and Kamani, and the heights occupied by Abkhazian troops.

In the east, Georgian units fired mortar shells at the villages of Beslakhu and Labra.

Sukhumi Under Fire From Abkhaz, Northcaucasian Forces

LD2607183793 Moscow ITAR-TASS in English 1825 GMT 26 Jul 93

[By ITAR-TASS correspondent Tengiz Pachkorya]

[Text] Tbilisi July 26 TASS—On Monday [26 July] Sukhumi came under artillery fire by Abkhazian and Northcaucasian armed formations. According to the press centre of headquarters of the Georgian military command in Sukhumi, some house aparments were destroyed. Casualties were reported. In the afternoon fightings between opposed sides continued near the village of Shroma of the Sukhumi region.

Abkhaz Forces Bomb Gulripshi; Georgian Forces Retaliate

LD2607163393 Tbilisi Radio Tbilisi Network in Georgian 1500 GMT 26 Jul 93

[Text] Soso Margishvili, head of the press service of the Georgian Defense Ministry, told the CONTACT INFORMATION AGENCY at 1800 [1400 GMT] that the situation was generally stable in the first half of the day on the Abkhaz front and that there were no active

combat actions. An exchange of prisoners was to be held at 1200 but did not happen due to problems on the enemy's side.

In the afternoon, the Abkhaz side became active in the direction of Shroma and Akhalsheni. Fierce battles are still taking place there now. At 1700 the enemy started to bomb Gulripshi Rayon and, in particular, Gulripshi and Agudzera using Grad installations. Several shells exploded near the Gulripshi hospital which claimed the life of one person and left four wounded. As soon as the bombing started the Georgian Armed Forces opened massed artillery fire on the enemy which lasted 10-15 minutes and made the enemy stop shelling.

Parliament To Extend Session Until 1 Aug

AU2607155893 Tbilisi SAKARTVELOS RESPUBLIKA in Georgian 21 Jul 93 p 1

["Decree of the Georgian Parliament on Extending the Work of the Spring Session of the Georgian Parliament"]

[Text] The Georgian Parliament **decrees:**

In connection with the situation that has taken shape in the country, to extend the work of the spring session of the Georgian Parliament until 1 August 1993.

[Signed] **Vakhtang Rcheulishvili, deputy speaker of the Georgian Parliament**

[Dated] **Tbilisi, 20 July 1993**

Deputies Found Friendship Society With Russia

AU2607140593 Tbilisi SVOBODNAYA GRUZIYA in Russian 22 July 93 p 1

[GIA report under rubric "According to Reports From Correspondents and Information Agencies": "The Georgian-Russian Friendship Society Has Been Founded"]

[Text] At the session of Parliament of 20 July, Kartlos Garibashvili, a member of Parliament, the leader of the Democratic Party, and the chairman of the "Democrats" faction, familiarized members of Parliament with the declaration of the founders of the Georgian-Russian Friendship Society. He called on his colleagues to join this initiative, which has, to all intents and purposes, already been supported by the electors.

It is stated, in particular, in the declaration:

Taking into account the natural need of the Georgian people to live in a free democratic state in which all compatriots will have the chance to lead a peaceful life, to halt the spilling of blood that has already begun on Georgian soil, which depends to a large degree on relations with our northern neighbor, and to bequeath to future generations friendship with it, we are founding the Georgian- Russian Friendship Society.

The aim of the society founded by us is to dedicate itself untiringly to restoring and strengthening good-neighborly relations between the two sovereign states and neighbors—Georgia and Russia—which will be a guarantee of peace and prosperity for the present and future generations of our countries.

During the session of parliament, the declaration was signed by 35 members of parliament. The signing of the declaration is continuing.

British, Georgian Scientists Sign Cooperation Agreement

LD2407083293 Tbilisi Radio Tbilisi Network in Georgian 0200 GMT 24 Jul 93

[Text] An agreement has been signed between the Georgian Academy of Sciences and the British Academy of Sciences. In accordance with the agreement, joint work will be carried out, scientists will be exchanged, and monographs will be published. The agreement was signed by Professor J.B. Trapp, foreign secretary of the British Academy of Sciences, and A. Tavkhelidze, president of the Georgian Academy of Sciences.

Latvia

Supreme Council Commissions Elect Chairmen

LD2607163193 Riga Radio Riga Network in Latvian 1300 GMT 26 Jul 93

[Text] Commissions of (?Supreme Council) deputies elected their leaders at their first meetings today. Two candidates were put forward for the post of the chairman of the Foreign Affairs Commission: Indulis Berzins and Aleksandrs Kirsteins. At the third round of voting Aleksandrs Kirsteins, who represents the Latvian National Independence Movement, was elected the head of the commission with seven votes out of 12. In turn, Andris Piebalgs and Aivars Kreituss were put forward for the post of the chairman of the Budget and Finance Commission. The latter, however, withdrew his candidacy.

According to the standing orders of the Supreme Council, commissions also have the right to elect the chairman's aide. The Budget and Finance Commission agreed that if such an official is needed, (?they will be elected) in the course of the work and that may happen at one of the future meetings of the commission.

Ilga Grava was elected the Foreign Affairs Commission chairman's aide at the first meeting. She represents the Democratic Center Party.

Andris Ameriks was elected the secretary of the Foreign Affairs Commission and Aija Poce the secretary of the Budget and Finance Commission.

Statistics Committee Reports on Retail Sales

WS2607131793 Tallinn BNS BALTIC BUSINESS WEEKLY in English 1717 GMT 26 Jul 93

[Text] July 19-25, 1993—Latvia reported a 193.5 mln [million] lats turnover in retail sales in the first half of the year, said the state statistics committee.

That's up from 93 mln lats in actual prices in the same period last year but a drop of an estimated 30 percent, or 30 mln lats, in comparative prices.

The statistics reported by the committee showed that 36 percent of the turnover comes from state and local trading centers, 24 percent from state companies, 31 percent from cooperative companies, 1 percent from one-owner enterprises and 8 percent from public organizations and other enterprises.

Commercial organizations had accumulated goods worth 28 mln lats as of July 1, 1993, a growth of 2.4 percent in comparative prices from June 1, 1993.

New Directory of Enterprises To Be Issued

WS2607131893 Tallinn BNS BALTIC BUSINESS WEEKLY in English 1717 GMT 26 Jul 93

[Text] July 19-25, 1993—The Kompass Data-Service data service plans to issue a new catalogue of Latvian firms, Kompass Latvija 94, in the first quarter of 1994.

To contain data on almost 3,500 firms and enterprises arranged by industry sectors, it will have data on the line of activity of a producer, trade, distributor, etc., as well as location, phone number, and surname of the company head.

Kompass Latvija 94 will become a part of the Kompass international catalogue system currently being created by Kompass International of Switzerland.

In Latvia, the exclusive right to distribute the Kompass catalogues has been granted to the Data-Service information network of the Latvian firm Frame Ltd.

To be mentioned in the directory, a Latvian business is charged 25 lats with another 15 lats in logo and other related data. On average, entering the Kompass Latvija 94 pages costs 40-45 lats.

Priced 196 Swiss francs (85 lats), for entry companies the directory is 50 lats.

Foreign Minister Seeks Cooperation With Kuwait in UN

LD2607183893 Riga Radio Riga Network in Latvian 1700 GMT 26 Jul 93

[Text] According to the press center of the Ministry of Foreign Affairs of the Republic of Latvia, Foreign Minister Georg Andreyev admitted at a meeting today with Muhammad al-Sallal, Kuwaiti representative to the UN Geneva office, that mutual support between Latvia and Kuwait is possible at the United Nations both in Geneva and New York. The meeting was held at the Latvian Foreign Ministry.

Speaking about such cooperation, the Kuwaiti envoy said that his country is in a way similar to Latvia because both states are situated next to great powers. Therefore, lobbying in international organizations could be productive for both countries.

According to Muhammad al-Sallal, the issue of the border with Iraq affects Kuwait at the moment because historically the border has been changed several times. As a result of this each side tries to revise the border on the basis of various agreements.

During the meeting the Kuwaiti envoy handed Andreyev a letter from the minister of foreign affairs of Kuwait.

Lithuania

Prime Minister Slezevicius Begins Visit to Poland

LD2507171993 Moscow ITAR-TASS in English 1653 GMT 25 Jul 93

[By ITAR-TASS correspondent Igor Shamshin]

[Text] Warsaw July 25 TASS—Lithuanian Prime Minister Adolfas Slezevicius arrived in Poland on a two-day private visit on Sunday [25 July]. In Pselnik in the west of Poland he took part in the wreath-laying ceremony on the site where the Lithuanian aircraft Lithuanik crashed 60 years ago. Lithuanik was making a nonstop flight on New York-Kaunas route. Two members of the crew got killed. They later were proclamed Lithuania's national heroes.

The Lithuanian governmental delegation also includes Minister of Culture Dainius Trinkunas and Minister of Communications Jonas Birziskis, says a report ITAR-TASS received from the Lithuanian embassy in Poland. On Monday Slezevicius will meet in Warsaw with Polish Prime Minister Hanna Suchocka. Prospects for political and economic cooperation between the two countries will be discussed, Lithuanian diplomats said.

Agrees on Cooperation Document With Suchocka

LD2707111993 Vilnius Radio Vilnius Network in Lithuanian 0800 GMT 27 Jul 93

[Text] Baltic News Service reports that Lithuanian Prime Minister Adolfas Slezevicius and Polish Prime Minister Hanna Suchocka reached an agreement on a Lithuanian-Polish interstate agreement on cooperation and good-neighborly relations to be signed on 1 September. The agreement could be signed at the opening of a new border crossing point at Kalvarija-Budziska. Until then, the negotiating delegations should hold one more meeting in Vilnius.

The agreement was reached by the prime ministers in Warsaw on 26 July during Adolfas Slezevicius' private visit. The prime ministers also agreed that the events of 1920 would not be mentioned in the treaty; however, an assessment of the events from a historical point of view would be made in a separate declaration.

Most of the attention in the negotiations with Poland was devoted to a historic assessment and to looking for formulations acceptable to both sides, Adolfas Slezevicius said in an interview to Lithuanian television.

According to him, the idea to separate the treaty and the declaration was proposed by the Polish prime minister. This was acceptable to Lithuania, however, Lithuania does not agree with the proposal to sign the treaty first and the declaration later. Our principled stance is that both the documents should be prepared and signed at the same time, the prime minister said.

The trade links, the possibilities to export electric power to the West, and the problems in transport communications were also discussed by both prime ministers on 26 July.

Hanna Suchocka wanted to know the reasons behind the refusal to register the Armia Krajowa organization in Lithuania. In his turn, Adolfas Slezevicius inquired about the possibilities for the Lithuanian community in Poland to have similar cultural and social living conditions as those enjoyed by the Polish community in Lithuania.

Committee Chairman Calls For Compromise in Talks With Russia

LD2607154293 Moscow ITAR-TASS in English 1513 GMT 26 Jul 93

[By ITAR-TASS correspondent Vladas Burbulis]

[Text] Vilnius July 26 TASS—"In dialogue with Russia Lithuania must look for sensible, mutually acceptable compromise solutions, but not at the expense of giving in on principles, of course. It will lead us nowhere if we, including the state negotiating delegations, try and talk the language of ultimatums to Moscow, as the opposition would sometimes urge us to do," chairman of the lithuanian sejm's foreign affairs committee Kazys Bobealys told a briefing here today.

He added that "great countries such as the Untied States, Britain, Germany, France and others are maintaining normal relations with Russia, seeking to help democratic forces in the Russian Federation led by President Boris Yeltsin in the economic, political and moral fields, while some Lithuanian right-wing opposition politicians are calling us to be "firm" in relations with the present leadership of that country and speak the language of ultimatums."

Bobealys noted that Russia is sticking in principle to the timetable for the withdrawal of its troops from this Baltic republic, and, judging by the current pace of the withdrawal, the army will pull out of Lithuania before the end of August this year, in full accord with the Russian-Lithuanian Agreement of September 8, 1992.

"We have no claims to make with respect to Moscow on this count," he stressed.

Government Tightens Regulations on Currency Use

LD2307141493 Vilnius Radio Vilnius in English 1900 GMT 22 Jul 93

[Text] Beginning on 1 August, all trade operations carried out in foreign currency are banned on the territory of Lithuania. Payments must be made with the Lithuanian national currency only, the litas and the centas. A resolution to this effect was adopted today by the Lithuanian Government and is obligatory to both enterprises and private persons.

Starting with 1 August, the prices of all goods and services have to be indicated in litas and centas. Some cabinet members who support the interests of Lithuanian industrialists maintain that the banks should purchase hard currency at prices officially established by the Bank of Lithuania; that is, at higher prices than set by commercial banking institutions. However, Chairman of the Bank of Lithuania Romualdas Visokavicius says that the wishes of industrial enterprises are not mandatory to banks. The final decision will be taken at a meeting of the cabinet due to be held next Saturday.

Slezevicius, Bank Chairman Discuss Economic Policy With IMF

WS2707081793 Vilnius ELTA NEWS BULLETIN in English 1253 GMT 26 Jul 93

[From ELTA "NEWS BULLETIN" No. 294]

[Text] Vilnius, July 24 (ELTA)—Prime Minister Adolfas Slezevicius, some members of the Government and Chairman of the Board of the Bank of Lithuania Romualdas Visokavicius had a meeting with officials of International Monetary Fund. They discussed a memorandum on economical policy of the Government. It's drafts were submitted by the Lithuanian Government and IMF separately. The memorandum regulates main conditions and trends of economical development. International Monetary Fund and World Bank issue credits based on this type of memoranda under their strict control over the spending of the loans granted. The memorandum signed by the Government of Aleksandras Abisala last year has expired in the beginning of July. Experts of IMF in general have favoured the economical policy conducted hereto. This memorandum will embrace the period of economical development until December 31, 1994. Officials of IMF are demanding stringent financial regime, lowering of inflation and reaching it's rate not exceeding one percent. In fact, this means a complete stabilization of the economy. Next weeks, most likely on Tuesday [27 July], the Government members and IMF officials under the leadership of IMF Director of Department Adalbert Knobl will meet again. This time all the text of the memorandum is expected to be coordinated between both sides. The memorandum is supposed to be signed in one month period.

Minister Negotiates Cotton Purchase From U.S.

WS2707081893 Vilnius ELTA NEWS BULLETIN in English 1253 GMT 26 Jul 93

[From ELTA "NEWS BULLETIN" No. 294]

[Text] Vilnius, July 24 (ELTA) - Lithuanian Industry and Trade Deputy Minister Kestutus Baranauskas and European Division Director of Cotton Council International (COTTON), Marsha Powell, negotiated prospects of Lithuania buying cotton from US for 1240 dollars per ton. Cotton is the largest America's cotton exporter. USA cotton export to Europe, Asia, Middle East and Africa account for 40 percent of total cotton production, and it is looking for market in the Baltics. Mrs Powell visited Lithuania's largest cotton spinning enterprises in Vilnius, Kaunas, Klaipeda and proposed that Lithuania apply US relief credit project for developing its industry. The project has been successfully implemented this year in Estonia. Up till now Lithuania has been buying cotton from Uzbekistan for less than 1 thousand dollars, yet Uzbekistan is believed to raise prices for cotton up to international price standards. Thus Lithuania is considering deals forwarded by different countries, USA and India included. Differences in prices are believed to disappear in half a year, making the quality of cotton a top priority for making purchase deals.